Application Proof of

Alkaidsemi (Shanghai) Technologies Corporation*

瑤芯微(上海)電子科技股份有限公司

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

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Alkaidsemi (Shanghai) Technologies Corporation*

瑤芯微(上海)電子科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB0.10 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to ***[REDACTED]*** *in the* ***[REDACTED]****. There are unique challenges, risks and uncertainties associated with* ***[REDACTED]*** *in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities for the years ended December 31, 2023, 2024 and 2025. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* ***[REDACTED]*** *decision should be made in light of these considerations.*

There are risks associated with any ***[REDACTED]****. Some of the particular risks in* ***[REDACTED]*** *in the* ***[REDACTED]*** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****.*

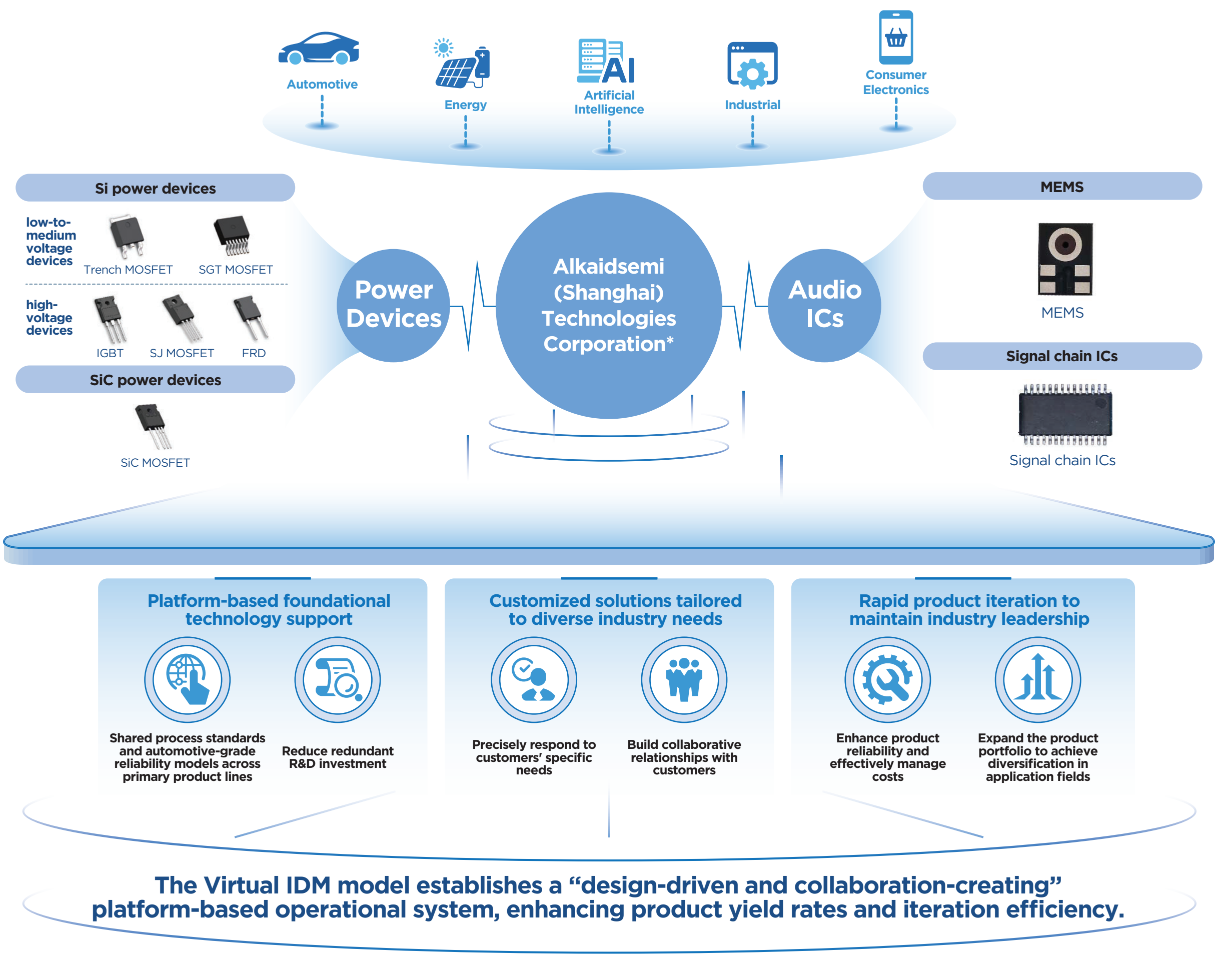
OVERVIEW

We are a leading provider of power devices and audio ICs in China, and have established an integrated business structure covering design, production process development and sales, spanning across various end markets. Leveraging which, we focus on providing automotive, consumer electronics and energy and industrial, including AI data center power supply markets with power devices and audio ICs exhibiting high quality and strong endurance.

We are the only semiconductor company in China adopting a virtual IDM model to develop power devices and audio ICs, according to CIC. Under the Virtual IDM model, we focus on power device and audio IC design while retaining control over specific proprietary fabrication technologies and establishing deep partnerships with foundries and packaging or testing service providers, thereby combining design-driven flexibility with moderate control over critical manufacturing processes. This allows us to achieve synergy between process development and manufacturing technological implementation, dynamic optimization of production capacity, and strong collaboration with foundries, resulting in a comprehensive set of competitive edges comprising technology definition power, effective control on supply chain and quality control capability.

Our power device products serve as core components for electric energy conversion and circuit control, facilitating quality performance of power electronic devices in a wide range of mission-critical applications, including NEVs, AI data center power supply systems, and energy electrification. Leveraging our strong technology and innovation capability, we have passed relevant validation procedure and become a core supplier of many global leading automotive enterprises, exhibiting our leading technology position in automotive power device industry in China. In the meantime, we provide audio ICs, including MEMS products and signal chain ICs, where, by incorporating advanced algorithm, we can effectively satisfy complex audio processing needs of a great variety of smart devices, covering audio signal acquisition, conversion, processing.

The following illustrates our product mix and integrated business structure, which distinguish us from our peers:



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According to CIC, we ranked sixth among Chinese suppliers in the domestic non-IDM power device market in terms of revenue in 2024, with a market share of 0.3%. Simultaneously, according to CIC, in terms of shipment volume in 2024, we ranked third among global suppliers and first among domestic suppliers in the MEMS microphone IC sector, with a global market share of 16.8%.

Our Products and Operating Model

During the Track Record Period, we derived revenue primarily from designing, development and sales of (i) power devices, including both Si and SiC power devices, and (ii) audio ICs, including MEMS products and signal chain ICs, facilitating critical functions across a broad range of industries, including automative, consumer electronics, and industrial, including AI data center power supply. We have adopted a transaction-based model for our power device and audio IC products.

Leveraging our technology platform, we have established a comprehensive power device products portfolio. We offer both Si and SiC power device products, including (i) low-to-medium voltage Si power devices, primarily including Trench MOSFET and SGT MOSFET products; (ii) high-voltage and high-frequency Si power devices, primarily including FRD and SJ MOSFET products; (iii) Si IGBT products and (iv) SiC MOSFET products. The rapidly expanding product portfolio exhibits our strong product development and innovation capabilities and effectively establishes full coverage on diverse application scenarios including automotive, consumer electronics, energy and industrial.

- **Automotive sector** represents the largest market for power devices. However, applications of power devices in the automotive sectors are characterized by particularly high barriers to entry, which set forth exacting standards for electrical performance, reliability, and stability. Consequently, in contrast to other application scenarios that have achieved a localization rate in excess of 80%, the localization rate within the automotive application domain is the lowest, amounting to less than 10%, according to CIC. Significant disparities persist between the automotive sector and other application sectors with respect to the penetration of domestic manufacturers, the accumulation of technology, and the independence of the supply chain, thereby representing considerable market potential for us. We have introduced SiC MOSFET, Si IGBT and Si MOSFET products which have achieved large-scale mass production and supply for many global leading automotive electronics enterprises, being applied to diverse scenarios covering NEV powertrain systems, battery management systems, on-board charging systems, chassis management systems, vehicle body management systems, thermal management systems, and ZCU domain control systems. In particular, our products cover both high-voltage electrical architectures (800V/400V) and low-voltage electrical architectures (12V/48V), with SiC and Si products. Capitalizing on our proprietary process platform, we are one of the power device companies offering comprehensive product matrix in China, and have entered the supply chain systems of many global leading automotive electronics enterprises and automotive manufacturers.

- **AI data centers** serve as the critical infrastructure of the digital economy, where both AI training and computing demands robust power support, creating significant growth opportunities for power device industry. Leveraging our profound technical expertise across the full spectrum of power device product lines, we have established a comprehensive product portfolio covering voltages from 25V to 2,300V scenario, and spanning both SiC and Si products, which have already been in mass-production stage and adopted by many global leading enterprises engaging power supply business for data centers and servers.

During the Track Record Period, our products comprised MEMS products and signal chain ICs used in sound signal acquisition and analog-to-digital/digital-to-analog conversion. These products serve as the critical "entry point" for human-machine interaction through voice, a key function in great variety of AI-empowered smart hardware, such as smartphones, wearable devices, smart cockpits, and humanoid robots. Leveraging our process platform covering ICs design, algorithm development and process innovation, we provide customers with comprehensive edge-side intelligent audio solutions.

Different from typical IC design companies that primarily rely on standard foundry process platforms for product development, our virtual IDM model enables us to introduce our proprietary process technologies into the foundries' manufacturing flows, ensuring their process capabilities get precisely aligned with our IC design requirements, thus creating a strong collaboration relationship with leading domestic semiconductor foundries. In particular, this model allows us to achieve superior IC performance, higher reliability, and shorter design iteration cycles. Capitalizing on our virtual IDM model, our self-developed SiC process yield has achieved over 90%, significantly surpassing the industry average yield.

Market Opportunities

In the automotive sector, driven by the continuous growth in sales of NEVs and the market trend towards more complex and intelligent functions that demands sophisticated power supply and delicate control system, automotive has become one of the largest application markets for power devices in China. According to CIC, the global market size of power devices in the automotive sector increased from USD7.3 billion in 2020 to USD13.5 billion in 2024, representing a CAGR of 16.8% from 2020 to 2024. It is projected to reach USD24.5 billion by 2029, with an expected CAGR of 12.7% from 2024 to 2029.

According to CIC, the market size as the energy and industrial sector expanded from USD11.9 billion in 2020 to USD13.0 billion in 2024 and is forecast to reach USD21.0 billion by 2029, with a CAGR of 10.0% between 2024 and 2029. The renewable energy segment represents a significant growth opportunity, with the market size reaching USD2.4 billion in 2024 and expected to expand at a CAGR of 13.8% from 2024 to 2029.

As the core infrastructure of the digital economy, global AI data centers are experiencing a surge in power supply together with growing challenges associated with proper power supply management for training and computing tasks resulting in peak and valley cycle. As a result, this sector becomes one of the fastest-growing market for power devices. According to CIC, the global market size of power devices for AI data centers was approximately USD700.0 million in 2024, and is expected to grow at an expected CAGR of 23.9% from 2024 to 2029. In line with global trend towards carbon neutrality and quick expansion of advanced power transmission infrastructures around the world, demands for power devices in energy and industrial applications experienced continuous growth, particularly in scenarios like photovoltaic inverters, energy storage converters, and smart grids.

Both automotive and AI data center sectors are characterized by stringent requirements for the performance, reliability, and safety of power devices, resulting in exceptionally high entry barriers. With the continuous increase in the penetration rate of new energy vehicles and the explosive growth in demand for AI computing power, the market size of these high-end applications is expanding rapidly. Benefiting from policy support, technological advancements, and substantial capital investment, domestic manufacturers are poised to incrementally enhance their market penetration and facilitate domestic substitution. Currently, however, the localization rate in both fields remains at a relatively low level in China compared to other application sectors. According to CIC, the localization rate for automotive power devices in China was less than 10% in 2024. Similarly, the localization rate for AI data center power devices in China was approximately 20% in 2024. This trend not only portends a sustained enlargement of the potential market space but also presents a valuable opportunity for us to capitalize on its technological and product strengths to penetrate high-growth niche markets.

AI is reshaping human-computer interaction, with audio interaction serving as a critical control interface for intelligent terminals given its convenient nature. With the rapid development of smart hardware, the application landscape for audio interaction continues to expand, covering consumer electronics, automotive electronics and AI human-computer interactions. According to CIC, the global audio IC market size, measured by revenue, grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8% from 2020 to 2024. It is projected to reach USD10.0 billion by 2029, representing an expected CAGR of 4.8% from 2024 to 2029.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- A leading domestic power device and audio IC provider enjoying strong recognition among top industry players and carrying successful track record of capturing opportunities arising from industry transitions.
- The sole virtual IDM model operator in the power device and audio IC industry in China, holding a stable and efficient collaboration ecosystem.
- Capitalizing on our process platform, we offer comprehensive product portfolio addressing diverse market needs.
- Advanced design process and stringent quality control ensure stable delivery of quality products with highly reliable performance.

- We have an experienced talent team with rich experience in semiconductor industry and enjoy support from shareholders holding strong industry background.

OUR STRATEGIES

We plan to implement the following growth strategies:

- Fully embrace the historic opportunities presented by the development of the automotive, energy and industrial sectors
- Continuously to improve the virtual IDM model, increase R&D investment, and drive technological innovation
- Enrich the product portfolio, enhance product performance, and maintain industry leadership
- Deepen collaboration with key strategic customers and continuously expand our new client
- Explore M&A opportunities within the industrial chain
- Enhance specialized talent development

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities are essential for our sustainable development and success. We set our R&D strategic position to focus on (i) research on fundamental science with the aim to build up a platform-based technology portfolio to enable coordinated R&D across multiple product lines; (ii) technological solutions that tailored to address industry and client specific challenges or demands, and (iii) continuous product optimization and iteration that are critical for us to achieve sustainable leadership.

During the Track Record Period, our R&D expenses amounted to RMB68.5 million, RMB59.2 million and RMB72.1 million, respectively, accounting for 15.8%, 15.4% and 13.3% of our total revenue for the respective periods.

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks and software copyrights and domain names in China and the United States. We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights.

As of December 31, 2025, we owned 69 registered patents in China and 64 patent applications in China and two patent applications in the United States. As of the same date, we had 190 IC layout design registrations, and 21 registered trademarks in Chinas (including three in Hong Kong Region). For more details, see ''Business — Intellectual Property''.

OUR CUSTOMERS AND SUPPLIERS

Our customers encompasses companies across in various industries, including automotive, consumer electronics, renewable energy and industrial applications. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 45.8%, 42.2% and 48.3%, respectively, to our total revenue for relevant years. Sales to our largest customer in each year during the Track Record Period accounted for 15.8%, 11.6% and 20.9% of our total revenue for relevant years.

Our major suppliers primarily include suppliers for wafers, packaging and testing services. In 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 99.7%, 98.8% and 98.4%, respectively, to of our total purchases. Purchase from our largest supplier in each year during the Track Record Period accounted for 94.9%, 93.5% and 92.9% of our total purchases for the respective year.

During the Track Record Period, we primarily procured wafer fabrication service from our largest supplier and may be susceptible to relevant risk. See "Risk Factors — We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all". Our reliance on limited number of suppliers during the Track Record Period was largely attributable to a concentrated scope of qualified wafer foundries in an earlier stage of development of China's semiconductor industry, brought by entry barriers such as high capital investment, technical difficulties and regulatory restrictions, according to CIC. We have established a long-term partnership with UNT, a key supplier to leading players in the power device industry since 2019, and entered into a strategic partnership agreement with UNT in January 2025, pursuant to which, UNT will allocate resources to fulfill our procurement requirements and strive to meet our demands. For details of our procurement from UNT, please see "Business".

Our operations are carried out within the power device and audio IC supply chain involving wafer foundries, packaging and testing service providers as well as raw material suppliers. The supply chain is subject to evolving international trade policies, export control regulations and other regulatory developments. Such policies and regulations may affect the supply chain and downstream markets in which we operate. For example, changes in export control measures or trade policies may influence the availability, pricing or delivery schedules of certain semiconductor-related materials and services within the industry, and may also affect demand from downstream customers in certain application sectors. For further details, see "Risk Factors — We are subject to risks associated with international trade policies, export control regulations, economic sanctions and investment restrictions."

COMPETITION

The power device and audio IC industry in which we operate is highly competitive and characterized by its extensive downstream applications and diverse product portfolio. The global power device market has demonstrated steady growth. In revenue terms, the global market size increased from USD25.0 billion in 2020 to USD31.7 billion in 2024, representing a CAGR of 6.1% during this period. The relatively slight decline slower growth in 2023–2024 was primarily attributable to supply chain constraints and temporary weakness in end-market demand. It is projected to reach USD51.4 billion by 2029, with a CAGR of 10.2% from 2024 to 2029. Driven by the upgrading of consumer electronics, the increasing adoption of smart voice applications and the acceleration of automotive intelligence, the audio IC market continues to expand. In revenue terms, the global audio IC market grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8%. It is expected to reach USD10.0 billion by 2029, with a CAGR of 4.8% for the period from 2024 to 2029.

RISK FACTORS

We believe there are certain risks and uncertainties involved in the **[REDACTED]** in our Shares, some of which are beyond our control. See "Risk Factors" for details of our risk factors, which we urge you to read in full before making an **[REDACTED]** in our Shares. Some of the major risks we face include:

- We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all.
- If we are unable to develop new products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.
- Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix and penetrate new markets.
- Our business depends on our ability to protect our intellectual property rights. If we are unable to adequately protect our intellectual property rights or other proprietary rights, we may not be able to compete effectively and our business, results of operations and financial condition could be materially and adversely affected.
- We incurred net losses during the Track Record Period and we may continue to incur losses, and we may not be successful in expanding our operations or managing our growth.
- We incurred net liabilities, net current liabilities and operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

THE IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has materially and adversely affected the global economy since the first quarter of 2020. In response, the PRC government and the governments of other countries have implemented numerous anti-pandemic measures, to safeguard public health and interest. During the Track Record Period and up to the Latest Practicable Date, our production activities have not encountered any material disruption due to the COVID-19 pandemic, nor did we experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic has not had any material adverse impact on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our operation or production activities will not be affected in the future due to pandemic or other events. See "Risk Factors — We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control." As such, we plan to stay alert and closely monitor and evaluate the market situation based on any development of the COVID-19 pandemic in the future.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information for the Track Record Period, extracted from the Accountants' Report as set forth in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRSs.

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

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income in absolute amount and as a percentage of our revenue for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**
Cost of sales	(395,956)	(91.5)	(370,316)	(96.6)	(527,202)	(97.4)
Gross profit	**36,778**	**8.5**	**12,850**	**3.4**	**14,271**	**2.6**
Other income and other gains or loss, net	7,580	1.8	11,049	2.9	2,020	0.4
Selling and distribution expenses	(30,504)	(7.0)	(30,536)	(8.0)	(34,650)	(6.4)
Research and development expenses	(68,475)	(15.8)	(59,175)	(15.4)	(72,121)	(13.3)
Administrative expenses	(46,059)	(10.6)	(49,365)	(12.9)	(49,130)	(9.1)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Reversal of impairment/(impairment loss) on financial assets, net	(4,491)	(1.0)	1,536	0.4	(1,231)	(0.2)
Loss from operations	**(105,171)**	**(24.3)**	**(113,641)**	**(29.7)**	**(152,884)**	**(28.2)**
Finance income	747	0.2	3,335	0.9	3,827	0.7
Finance costs	(449)	(0.1)	(527)	(0.1)	(1,245)	(0.2)
Finance costs, net	298	0.1	2,808	0.7	2,582	0.5
Changes in the carrying amount of redemption liabilities	(46,535)	(10.8)	(73,098)	(19.1)	(56,579)	(10.4)
Loss before income tax	**(151,408)**	**(35.0)**	**(183,931)**	**(48.0)**	**(206,881)**	**(38.2)**
Income tax (expense)/credit	44	–	17	–	(4)	–
Loss for the year	**(151,364)**	**(35.0)**	**(183,914)**	**(48.0)**	**(206,885)**	**(38.2)**

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss for the year (non-IFRS measure) as an additional financial metric, which is not required by, or presented in accordance with, IFRSs.

We believe that this non-IFRS measure facilitates comparison of our operating performance by eliminating potential impacts of certain items listed below. We also believe that this non-IFRS measure presents useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted loss for the year (non-IFRS measure) for the year presented in accordance with IFRSs, which is loss for the year.

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year to adjusted loss (non-IFRS measure)			
Loss for the year	(151,364)	(183,914)	(206,885)
Add:			
Changes in the carrying amount of redemption liabilities(1)	46,535	73,098	56,579
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based payment expenses(2)	20,809	12,588	9,863
Adjusted loss (non-IFRS measure)	**(84,020)**	**(98,228)**	**(128,400)**

Notes:

(1) Changes in the carrying amount of redemption liabilities represent the fair value change in equity instruments issued to investors with redemption rights, which gives rise to a financial liability for the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expenses being included in change in the carrying amounts of redemption liabilities. We do not expect to record any further fair value changes in financial instruments issued to investors as such liabilities will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the **[REDACTED]**.

(2) Share-based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our awards to employees. Such expenses in any specific period are not expected to result in future cash payments.

In 2023, 2024, and 2025, we recorded net losses of RMB151.4 million, RMB183.9 million and RMB206.9 million, respectively. Our adjusted net loss (non-IFRS measure) amounted to RMB84.0 million, RMB98.2 million and RMB128.4 million, respectively. The net losses and adjusted net losses during the Track Record Period are primarily attributable to our strategic emphasize on product portfolio build-out and customer acquisition over short-term profitability. We believe the recent global recalibration and localization of the semiconductor industry present a strategic window for us to enter the supply chains of leading blue-chip customers, establish ourselves as a tier-1 supplier, and achieve long-term profitability. This strategy is executed by building a comprehensive product portfolio offered at competitive prices, which facilitates customer qualification and seamless supply chain integration.

To build a comprehensive product portfolio, we incur significant research and development expense in upgrading existing products and building new products for customer evaluation. As of December 31, 2025, we have 443 new product development projects. The product development effort is complemented by a competitive pricing strategy designed to win customer validation. The combined focus on product innovation and competitive pricing, which prioritize growth and market access resulted in relatively limited gross margin during the Track Record Period.

We believe as our product suite matures and sales scale for validated products, we will be able to improve gross margin through economies of scale, moderate R&D spending, and achieve profitability.

During the Track Record Period, we derived revenue primarily from sales of products, including (i) power devices, including Si power devices and SiC power devices, and (ii) audio ICs, including MEMS and signal chain ICs. We generally recognize revenue when our products have been delivered to and accepted by our customers. The following table sets forth the breakdown of our revenue by category of products sold both in absolute amounts and as percentages of total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Power devices	383,991	88.7	283,339	74.0	452,809	83.6
— Si power devices	368,737	85.2	262,108	68.5	335,074	61.9
— SiC power devices	15,254	3.5	21,231	5.5	117,735	21.7
Audio ICs	48,743	11.3	99,827	26.0	88,664	16.4
— MEMS	48,454	11.2	98,168	25.6	87,230	16.1
— Signal chain ICs	289	0.1	1,659	0.4	1,434	0.3
Total	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**

We recorded total gross profits of RMB36.8 million, RMB12.9 million and RMB14.3 million in 2023, 2024 and 2025, respectively. We recorded gross profit margins of 8.5%, 3.4% and 2.6% in 2023, 2024 and 2025, respectively. See "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income" and "Financial Information — Year-to-year Comparison of Results of Operations."

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Before impairment loss of inventories						
Power devices	54,222	14.1	6,669	2.4	37,857	8.4
— Si power devices	49,172	13.3	7,635	2.9	37,024	11.0
— SiC power devices	5,050	33.1	(966)	(4.6)	833	0.7
Audio ICs	11,244	23.1	24,190	24.2	19,714	22.2
— MEMS	11,347	23.4	23,646	24.1	18,972	21.7
— Signal chain ICs	(103)	(36.0)	544	32.8	742	51.7
Subtotal	65,466	15.1	30,859	8.1	57,571	10.6
Impairment loss of inventories	(28,688)		(18,009)		(43,300)	
Gross profit and gross profit margin	**36,778**	**8.5**	**12,850**	**3.4**	**14,271**	**2.6**

Our revenue decreased from RMB432.7 million in 2023 to RMB383.2 million in 2024, primary due to a decline in revenue from Si power devices, as a result of overall decline in Si power device ASP as well as lower sales of our FRD products, which has higher ASP among our Si power devices. Our gross profit decreased from RMB36.8 million in 2023 to RMB12.9 million in 2024, mainly driven by the decline in Si power device pricing, which erode gross profit margin for Si power device, and lower sales of our FRD products, which has higher gross profit margin among our Si power devices. In 2023 and 2024, the semiconductor industry experienced an inventory destocking cycle as demand moderated, which led to declines in ASPs for most power device products, such as IGBT and MOSFET modules, according to CIC. Prices in the IGBT industry have declined by approximately 30%, while prices of MOSFET modules have decreased by approximately 10%. The overall ASP for power devices, however, increased due to increasing proportion of SiC power devices, which has significantly higher ASP than Si power devices. According to Yole, the share of SiC in the power device market increased from approximately 9% in 2023 to around 12% in 2024.

To address the decline in revenue, we have been actively developing Si power devices for high-growth markets including automotive on-board chargers, power drives, fast-charging infrastructure, and accelerate the validation and commercialization of our SiC power devices. Our revenue increased to RMB541.5 million in 2025 from RMB383.2 million in 2024, driven by strong growth in SiC power devices following commercialization of products that have completed customer validation, and expanding sales volume as well as ASP in Si power devices amid a broader market recovery.

To address the decline in gross profit, we have been actively expanding our revenue source, as well as enhance gross profit margin for our product portfolio. We have been increasing sales of higher-margin products among Si power devices, including FRD and IGBT to improve overall profitability. We have also been ramping up sales of Si and SiC power devices, leveraging economies of scale to reduce unit cost. In addition, we have tightened our management on inventory to reduce excess stock and cost of impairment loss. Our gross profit increased slightly to RMB14.3 million in 2025 from RMB12.9 million in 2024. Our gross profit before impairment loss of inventories increased to RMB57.6 million in 2025 from RMB30.9 million in 2024, primarily driven by gross profit expansion in Si power device as a result of sales expansion, ASP uplift, and cost per unit reduction, as well as positive gross profit from SiC power device.

We plan to achieve breakeven through a series of measures to expand revenue, enhance product margin, and control expense spending. See "Financial Information — Path to Profitability".

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	619,235	751,473	784,687
Total non-current assets	34,633	46,615	62,690
Total assets	**653,868**	**798,088**	**847,377**
Total current liabilities	793,830	1,092,370	301,016
Total non-current liabilities	3,701	4,787	12,111
Net (liabilities)/assets	**(143,663)**	**(299,069)**	**534,250**
Net current (liabilities)/assets	**(174,595)**	**(340,897)**	**483,671**

We had net liabilities of RMB143.7 million and RMB299.1 million as of December 31, 2023 and 2024, respectively, primarily reflecting (i) our loss for the year of RMB151.4 million and RMB183.9 million in 2023 and 2024, respectively, and (ii) recognition of redemption liabilities of RMB691.8 million and RMB914.9 million as of December 31, 2023 and 2024, respectively, for issuance of equity shares with certain preferred rights to investors in connection with their capital injection. These rights were terminated in September 2025, leading to a reclassification of such liabilities into equity, turning our position of net liabilities into net assets of RMB534.3 million as of December 31, 2025.

See "Financial Information — Liquidity and Capital Resources — Current Assets and Current Liabilities" for detailed analysis of our net current liabilities during the Track Record Period.

Summary of Consolidated Statements of Cash Flows

We have historically financed our operations primarily through a combination of cash flow generated from our operations and bank borrowings. The following table sets forth a summary of our cash flow statements for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash used in operations	(250,914)	(125,576)	(80,179)
Net cash used in investing activities	(15,624)	(4,301)	(3,502)
Net cash generated from financing activities	261,317	189,834	72,731
Net increase/(decrease) in cash and cash equivalents	(5,221)	59,957	(10,950)
Cash and cash equivalents at the beginning of the year	285,623	280,402	340,359
Cash and cash equivalents at the end of the year	**280,402**	**340,359**	**329,409**

In 2023, 2024 and 2025, we recorded net operating cash outflows of RMB250.9 million, RMB125.6 million and RMB80.2 million, respectively. Such net operating cash outflows were primarily attributable to our net losses, with adjustments for non-cash and non-operating items and changes in working capital. The negative changes in working capital in 2023 and 2024 were largely driven by a lengthening of our inventory turnover days, receivable turnover days, and shortening of our payable turnover days. These changes were largely due to a slowdown in demand from downstream sectors, impacting our working capital cycles. However, our net operating cash outflows decreased from RMB125.6 million in 2024 to RMB80.2 million in 2025, with our inventory turnover days reduced from 213 days in 2024 to 170 days in 2025, our trade receivables turnover days declined from 123 days to 83 days in 2025, and our payable turnover days increased from 84 days in 2024 to 103 days in 2025, as a result of our active cash and inventory management measures taken in 2025. Such measures include, among others, aligning inventory with customer orders and forecasts, reducing excess stock while remaining responsive to demand, and establishing a dedicated sales and operations planning (SOP) team to oversee the full sales lifecycle, track orders and forecasts in real time, and make proactive adjustments to delivery plans as needed. Based on such improvements in 2025, our Directors, and as concurred by the Joint Sponsors, are of the view that the Company's measures to enhance operating cashflow have been effective. For more discussion of our cash flow data, adjustments for non-cash and non-operating items and the reasons underlying the changes, see "Financial Information — Liquidity and Capital Resources."

PATH TO PROFITABILITY

We were loss-making during the Track Record Period. In 2023, 2024 and 2025, we incurred net loss of RMB151.4 million, RMB183.9 million and RMB206.9 million, and adjusted net loss (non-IFRS measure) of RMB84.0 million, RMB98.2 million, and RMB128.4 million, respectively. Specifically, our historical net loss was primarily due to our strategic emphasis on long-term growth. In particular, we prioritized market penetration, key customer acquisition and expansion of our product portfolio in high-value applications over near-term profitability. As a result, we incurred substantial cost of sales, R&D and selling and distribution expenses during the Track Record Period, driven by continued investment in product development and competitive pricing strategies to capture broader market opportunities, especially those arising from the recent shift toward domestic substitution, and to establish our position within the semiconductor supply chains of leading blue-chip customers. Driven by our deepened presence in high-end applications across automotive, energy storage and consumer electronic sectors, our strengthened collaboration with key customers, and the accelerated upgrade of our product mix toward higher value, automotive-grade and industrial-grade products, our revenue increased and our gross profit improved in 2025.

To achieve breakeven and profitable growth in the long term, we aim to continuously (i) expand our revenue scale by delivering orders on hand, commercialize new product development projects, ramp-up SiC power device product sales and enhance pricing with favorable market conditions, (ii) improve our product margin by enhancing pricing, shift product mix towards higher-margin offerings, collaborate with foundry partners to drive cost reduction, and strengthening inventory management, and (iii) enhance operating efficiency by effective expense management. See "Financial Information — Path to Profitability."

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years indicated.

	For the year ended/As of December 31,		
	2023	**2024**	**2025**
Gross profit margin	8.5%	3.4%	2.6%
Current ratio[(1)]	0.8	0.7	2.6
Quick ratio[(2)]	0.6	0.5	2.0

Notes:

(1) Current ratio represents current assets divided by the current liabilities at the end of year.

(2) Quick ratio represents the difference of current assets and inventories divided by current liabilities at the end of year.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Ruishixin, our employee shareholding platform, will be entitled to control **[REDACTED]**% of the voting rights of our Company. Dr. Guo, chairperson of our Board, executive Director, our chief executive officer and general manager, serves as the general partner of Ruishixin. As such, Ruishixin and Dr. Guo will be our Controlling Shareholders as defined in the Listing Rules upon **[REDACTED]**.

For details of the shareholding of our Controlling Shareholders immediately prior to and following the completion of the **[REDACTED]**, please refer to the section headed "History, Development and Corporate Structure" in this Document.

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-**[REDACTED]** Investments. For details of the background of our Pre-**[REDACTED]** Investors and the principal terms of the Pre-**[REDACTED]** Investments, see History, Development and Corporate Structure Pre-**[REDACTED]** Investments.

[REDACTED] STATISTICS

The numbers in the following table are based on the assumptions that (i) the Share Subdivision and the **[REDACTED]** have been completed and **[REDACTED]** H Shares are issued and **[REDACTED]** in the **[REDACTED]**; (ii) **[REDACTED]** H shares are to be converted from Unlisted Shares upon the **[REDACTED]** (representing **[REDACTED]** of the total issued Shares of our Company as of the date of this Document) and (iii) the **[REDACTED]** is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
[REDACTED] after completion of the **[REDACTED]**(1)	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted net tangible asset per Share(2)	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** is based on **[REDACTED]** Shares expected to be in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, comprising **[REDACTED]** H Shares to be issued pursuant to the **[REDACTED]** and **[REDACTED]** H shares to be converted from Unlisted Shares upon the **[REDACTED]** (representing **[REDACTED]** of the total issued Shares of our Company as of the date of this Document).

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible asset of the Group attributable to owners of the Company per Share is calculated after the adjustments referred to in "Appendix II — Unaudited **[REDACTED]** Financial Information" to this Document and on the basis that **[REDACTED]** Shares were in issue assuming that (i) the **[REDACTED]** had been completed on December 31, 2025 and (ii) no exercise of the **[REDACTED]** and no Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the section headed "Share Capital" to this Document or otherwise.

DIVIDENDS

We did not declare or distribute dividends to our shareholders during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the **[REDACTED]**, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries. In view of our accumulated losses, as advised by our PRC Legal Adviser, we shall not declare or pay any dividend until we have distributable profits after the accumulated losses have been made up and statutory reserves have been drawn in accordance with relevant laws and regulations and the Articles of Association.

USE OF [REDACTED]

We estimate the net **[REDACTED]** of the **[REDACTED]** which we will receive, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** stated in the document), will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]** and assuming the Overallotment Option is not exercised.

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for continuously enhancing research and development capabilities and expanding our product offerings. Including:
    - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for the development of our infrastructure to optimize our underlying technological capabilities:
        - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for the procurement of R&D equipment and software tools;
        - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for expansion and upgrade of our R&D center.
    - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for the research and development of products targeted at emerging applications, including automotive, AI, and alternative energies, thereby enriching our product matrix and optimizing our existing products.
- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for our strategic expansion, including enhancing our distribution and service network and improving our operational efficiency. In particular:
    - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to enhance customer partnerships and expand market reach;
    - o **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to enhance operational efficiency in managing customer requirements and delivery schedules.

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for potential industry-related strategic investments and acquisition opportunities globally.

- **[REDACTED]**%, or approximately HK$**[REDACTED]** will be used for the working capital and general corporate purposes.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share), representing approximately **[REDACTED]**% of the estimated net **[REDACTED]** from the **[REDACTED]** assuming no Shares are issued pursuant to the **[REDACTED]**. The **[REDACTED]** consist of (i) **[REDACTED]**-related expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]**, comprising (a) fees and expenses of our legal advisers and reporting accountants of approximately HK$**[REDACTED]**, and (b) other fees and expenses of approximately HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** of HK$**[REDACTED]**. After the Track Record Period, approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. We do not believe any of the above fees or expenses are material or are unusually high for our Company. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the date of our latest audited financial statements) and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document. We expect to incur net losses for the year ending December 31, 2026, mainly because we expect to continually incur (i) significant research and development expenses, as we will continue to devote resources in product iteration and development as well as continued expansion and optimization of our product mix in high-value sectors; (ii) substantial selling and distribution expenses, as we continue to allocate resources in expanding our customer base, strengthening our relationships with key customers, and preparing for entry into the global market, and (iii) cost of sales, as we ramp up the scale of our product sales into mass production, despite out efforts to drive revenue growth, improve gross profit margin and enhance operating efficiency. See "Financial Information — Path to Profitability."

[REDACTED]

[REDACTED]

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report of our Company from BDO Limited, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on September 10, 2025 with effect upon the **[REDACTED]** (as amended from time to time), a summary of which is set out in Appendix V to this document
"ASP"	average selling price
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

"China" or "PRC"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant
"CIC Report"	the industry report commissioned by our Company and independently prepared by CIC, a summary of which is set forth in the section headed "Industry Overview" in this document
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company" or "we" or "us"	Alkaidsemi (Shanghai) Technologies Corporation* (瑤芯微(上海)電子科技股份有限公司), a company established under the laws of the PRC as a limited liability company on August 26, 2019 and converted into a joint stock company with limited liability in the PRC on December 5, 2024
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders Group" or "Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Ruishixin and Dr. Guo, collectively the controlling shareholders of our Company; prior to the **[REDACTED]** and as at the Latest Practicable Date, the controlling shareholders controlled approximately **[REDACTED]**% of our total share capital, and upon **[REDACTED]**, they will remain as our Company's controlling shareholders
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company

"Dr. Guo"	Dr. Guo Liangliang (郭亮良), Chairperson of the Board, executive Director, chief executive officer and general manager, and one of our Controlling Shareholders
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange
"H Share(s)"	overseas **[REDACTED]** foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB0.10 each, which are to be **[REDACTED]** and **[REDACTED]** Hong Kong dollars and to be **[REDACTED]** on the **[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"IFRS"	International Financial Reporting Standards
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**", "**[REDACTED]**", "**[REDACTED]**" or "Joint Sponsors"	the **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and joint sponsors as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"Latest Practicable Date"	[March 25], 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NIPA"	the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

[REDACTED]	**[REDACTED]**
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	AllBright Law Offices, the legal adviser to our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-**[REDACTED]** Investment(s)"	the investment(s) in our Company undertaken by the Pre-**[REDACTED]** Investors pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-**[REDACTED]** Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Ruishixin"	Shanghai Ruishixin Information Technology Partnership (Limited Partnership)* (上海睿氏芯信息技術合夥企業(有限合夥)), a limited partnership established in the PRC on July 11, 2019, being an employee shareholding platform and controlling shareholder of our Company
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB0.10 each, upon the completion of the Share Subdivision; before the completion of the Share Subdivision, ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Share Subdivision"	the Share Subdivision immediately prior to the **[REDACTED]**, pursuant to which each of our Shares with par value of RMB1.00 will be subdivided into ten Shares with par value of RMB0.10 each
"Shareholder(s)"	holder(s) of our Share(s)
[REDACTED]	**[REDACTED]**
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the financial years ended December 31, 2023, 2024 and 2025
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary Share(s) issued by our Company, with a nominal value of RMB0.10 each, which is/are not listed or traded on any stock exchange
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AI"	artificial intelligence, the capability of computational systems to perform tasks typically associated with human intelligence, such as learning, reasoning, problem-solving, perception, and decision-making
"blocking voltage"	a key parameter for power devices to block energy transfer between circuits, usually referring to the maximum voltage that a device can withstand in its off-state
"BMS"	battery management system, a device used to monitor and manage the state of a battery
"Codec" or "codec"	a device or program that can transform a signal or a data stream
"DPPM"	defective parts per million, a measure of quality performance, calculated as the number of defective units in a sample size of one million units
"dV/dt"	the rate of change of voltage (V) with respect to time (t)
"electromagnetic interference"	electronic noise that interferes with cable signals and degrades signal integrity, typically generated by electromagnetic radiation sources such as motors and machinery
"EMI"	electromagnetic interference, a disturbance generated by an external source that affects an electrical circuit by electromagnetic induction, electrostatic coupling, or conduction
"EV"	electric vehicle, a general term referring to all vehicles that use electricity as their primary driving energy source
"FRD"	fast recovery diode, a semiconductor diode with excellent switching characteristics and a short reverse recovery time
"GFA"	Gross Floor Area, a term used in real estate and construction to describe the total floor area of a building, measured from the exterior faces of the exterior walls
"HVAC"	heating, ventilation, and air conditioning systems of automobiles
"HVDC"	high-voltage direct current, a method of transmitting electrical power over long distances using direct current

"IC" or "ICs"	integrated circuit, a miniature electronic device or component
"IDM"	integrated device manufacturer, an operating model in the semiconductor industry that integrates the entire process from chip design, manufacturing, packaging and testing to sales
"IGBT"	insulated gate bipolar transistor, a composite power semiconductor device that combines the characteristics of high input impedance and low drive power consumption from metal-oxide-semiconductor field-effect transistors (MOSFETs), as well as the advantages of high current density and low on-resistance loss from bipolar junction transistors (BJTs)
"MEMS"	Micro-Electro-Mechanical Systems, a miniature intelligent system that integrates micro-mechanical structures, micro-sensors, micro-actuators, and signal processing & control circuits through microfabrication technology
"MOSFET" or "MOSFETs"	metal-oxide-semiconductor field-effect transistor, a voltage-controlled semiconductor device whose core function is to control the turn-on and turn-off of current by applying a voltage signal
"NEV"	vehicles that either use unconventional vehicle fuels as their power source, or adopt new types of power devices while using conventional fuels
"OBC"	On-Board Charger, a device installed in new energy vehicles that converts external alternating current (AC) energy into direct current (DC) energy acceptable to the vehicle's traction battery, and enables safe charging
"ON-resistance"	a core parameter reflecting the conductive performance of a diode in its on-state, whose value is equal to the ratio of the voltage across the device to the current flowing through it when the diode is conducting
"power device"	a type of semiconductor device capable of achieving high-voltage and high-current control and conversion
"robustness"	the ability of a system, device, or algorithm to maintain stable performance and achieve intended functions when faced with external interference, internal parameter fluctuations, or non-ideal operating conditions
"Rsp"	Specific On-Resistance, the on-resistance per unit area when a device is in the on-state

"SGT"	shielded gate transistor, a shielded gate trench-type power MOSFET designed for medium and low voltages
"Si"	silicon, the most widely used basic material in the current semiconductor industry
"SiC"	silicon carbide, a semiconductor material used in various electronic applications
"signal-to-noise ratio"	a core indicator for measuring the relative relationship between effective signal strength and background noise strength, which directly reflects the purity and identifiability of a signal
"SoC"	System on Chip, an integrated circuit that combines most or all key components of a computer or electronic system onto a single microchip
"SJ"	super junction, an advanced structural technology for power MOSFETs
"Trench"	a "recessed trench structure" formed on the surface of solid materials through processes such as etching and excavation
"UPS"	uninterruptible power supply, a type of continual power system that provides automated backup electric power to a load when the input power source or mains power fails
"Vcesat"	collector-emitter saturation voltage, the voltage drop between the collector (Collector, C) and the emitter (Emitter, E) when the device is operating in the "saturation conduction state"
"wafer"	a thin slice of semiconductor material, used in the manufacture of ICs and other microelectronic devices
"ZCU"	zonal control unit, an on-vehicle controller in the Automotive Electrical and Electronic Architecture (EEA) that centrally manages I/O, power distribution, and communication according to the physical zones of the vehicle body

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our ability to successfully business strategies and plans to achieve these strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our ability to attract customers and further enhance our brand recognition;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy, if any; and
- changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

*An **[REDACTED]** in our Shares involves significant risks. You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an **[REDACTED]** in our Shares. Our operations and industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your **[REDACTED]** in our Shares. The following is a description of what we consider to be our material risks. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The **[REDACTED]** price of our Shares could decline due to any of these risks, and you may lose all or part of your **[REDACTED]**. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements."*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the research and development of our products and solutions; (ii) risks relating to our intellectual property rights; (iii) risks relating to our operations and industry; (iv) risks relating to our financial condition; (v) risks relating to conducting business in the jurisdictions where we operate; and (vi) risks relating to the **[REDACTED]**.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS

We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all.

During the Track Record Period, we had reliance on our major suppliers, especially our largest supplier in each year during the Track Record Period, for wafers, packaging and testing services. Purchases from our five largest suppliers in each period during the Track Record Period accounted for 99.7%, 98.8% and 98.4% of our total purchase amount for the respective periods. Purchases from our largest supplier in each period during the Track Record Period accounted for 94.9%, 93.5% and 92.9% of our total purchase amount for the respective periods.

Our reliance on these major suppliers subjects us to the concentration and counterparty risks. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business with us. For example, if the supply of key raw materials from our major suppliers is disrupted or delayed, there can be no assurance that we will be able to find new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected.

Our ability to continuously develop our technological capabilities and improve our power device and audio IC products could make our products uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments that are expected to contribute to our growth.

We have invested and expect to continue to invest in the design and R&D for new and existing products and technologies, to timely respond to technological developments in markets we operate in. We still have a series of key R&D programs, including the high-reliability high-voltage SiC power devices, high-performance Si IGBT, audio codec and ultra-low loss SGT MOSFET, which require significant investment from us. For details, see "Business — Research and Development". These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins and operating results and that such investments may not generate sufficient revenue to offset liabilities assumed and expenses associated with these new investments. We believe that we must continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining sufficient and experienced R&D talents, to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our revenue and operating results may be adversely affected.

In addition, if we are unable to respond quickly and successfully to technological developments, we may lose our competitive position, and our products or technologies may become obsolete and fall behind on technologies. To compete successfully, we must develop new products and improve our existing products and processes on a schedule that keeps pace with technological developments. The market must also accept our new and improved products.

We have been and intend to continue investing in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

To compete successfully, we must maintain successful R&D efforts, upgrade and innovate our technologies, and improve or develop new solutions and services, all ahead of any competitors. We are focusing our R&D efforts across several technologies, including AI, high performance cloud computing, and automation technologies. We have been investing in our R&D efforts, with R&D expenses of RMB68.5 million, RMB59.2 million and RMB72.1 million in 2023, 2024 and 2025, accounting for approximately 15.8%, 15.4% and 13.3% of our total revenue in the same years, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial and human resources, in R&D to achieve technological advancements in order to improve and expand our services to keep us innovative and competitive in the markets in which we operate. As a result, there is no assurance that our R&D expenses will not continue to increase significantly, which may adversely impact our profitability and operating cash flow in the short-term.

Furthermore, we cannot guarantee that our R&D efforts will deliver the benefits we anticipate or be recognized as expected. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources, including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D results. Given the fast pace of development in the markets in which we operate, we may not be able to timely upgrade or innovate our technologies in an efficient and cost-effective manner, or at all. New technologies in the industry could render our technologies and the technological infrastructure or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover the related R&D costs, which could result in a decline in our revenue, profitability and market share.

Additionally, our R&D efforts may not contribute to our future results of operations for several years, if at all, and such contributions may not meet our expectations or even cover the costs of the R&D efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

Failure to secure design-wins and to convince our current and prospective customers to adopt our products into their product offerings could negatively affect our business, financial condition and results of operations.

We sell our products to customers who select and adopt them in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development costs and dedicate scarce engineering resources in pursuit of a single design-win with no assurance that our products will be selected. If we fail to convince our current or prospective customers to adopt our products in their product offerings or to constantly achieve design-wins, our business, financial condition, and results of operations will be materially and adversely affected. As of December 31, 2025, we had 433 design-wins.

It is typical that a design-win will not result in meaningful revenue until one year or more or later, if at all. If we do not continue to secure design-wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design-win with a large customer. As a result, the loss of any key design-win or any significant delay in mass production of the customer's products could adversely affect our business, financial condition and results of operations.

Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design or material, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely manner, and our products do not gain acceptance, we will lose market share and our competitive position.

The loss of a key customer or design-win, a reduction in sales to any key customer, a significant delay or negative development in our customers' product development plans, or our inability to attract new significant customers or secure new key design-wins could seriously impact our revenue and materially and adversely affect our business, financial condition and results of operations.

We face risks of sharing relevant R&D results and intellectual properties with our collaboration partners.

During the Track Record Period, we collaborated with universities and research institutions to conduct R&D on certain technologies and shared certain R&D results. We may enter into similar arrangements with our collaboration partners and other third parties in the future. Should the arrangements not be clearly articulated, they could lead to limited use of relevant shared R&D results, and the ownership of such shared R&D results may be unclear. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the R&D results that we collaboratively form, or advertently or inadvertently misappropriate the R&D results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents happens.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our business depends on our ability to protect our intellectual property rights. If we are unable to adequately protect our intellectual property rights or other proprietary rights, we may not be able to compete effectively and our business, results of operations and financial condition could be materially and adversely affected.

Our success depends in part on our intellectual property rights and proprietary technology. We rely primarily on a combination of patents, trademarks, copyrights and trade secret protection and confidentiality agreements to protect our intellectual property rights and proprietary technology. As of December 31, 2025, we owned 69 registered patents, 64 patent applications in China and two patent applications in the United States. As of the same date, we had 190 IC layout design registrations and 21 registered trademarks in China (including three in Hong Kong Region). See "Business — Intellectual Property" for more details. However, we may be unable to protect our intellectual property rights and proprietary technology in all instances, or our competitors may develop similar or more competitive technology independently. There is also no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of analog chips providers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. For example, in China, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. If we fail to extend the life of our patents, we may face competition for any approved products or solutions even if we successfully obtain patent protection once the patent life has expired for the product or solution.

NIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may be subject to intellectual property infringement and other claims by third parties in China or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

Our success depends on our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Other parties may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. During the Track Record Period, we did not receive any claims from intellectual property rights holders. Companies holding patents or other intellectual property rights may, in China or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. In the event of an adverse decision in such lawsuits, we could be required to withdraw the product or products found to be infringing from the market or redesign products offered for sale or under development. We may also be subject to liability due to the misconduct of our employees in relation to third party IP rights. Our use of trademarks relating to our design, software, and technology could be found to infringe upon existing intellectual property rights owned by others. If we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages to the rights holders or the customers who purchased our products;
- redesign our products; or
- establish and maintain alternative branding for our products.

Any intellectual property-related claim against us, with or without merit, could result in costly litigation, diversion of our management's attention and resources, or a requirement for us to pay significant damages or enter into costly license agreements, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

RISKS RELATING TO OUR OPERATIONS AND INDUSTRY

The power device industry and audio IC industry are highly competitive. If we are not able to compete successfully, our business, results of operations and future prospect will be harmed.

The power device industry and audio IC industry are characterized by rapidly changing technologies as well as technological obsolescence. Significant technological advancements in alternative semiconductor materials could render our existing or future power devices, audio ICs, and codecs uncompetitive, obsolete, or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate. Competition among providers of different power device and audio IC products may increase substantially in the future. For example, leading international power semiconductor companies have built substantial competitive advantages over the years through strong financial resources, advanced technologies, long-term customer relationships and well-recognized brands, enabling them to dominate key market segments and maintain high barriers to entry. Meanwhile, domestic competitors have been accelerating their development, supported by increasing R&D investments and government policy support. If our power device and audio IC products fail to secure sufficient market share in the competition in the course of commercialization, or if the commercialization does not meet our or the market's expectations, we may not be able to recover our costs, and our business, results of operations and future prospects will be harmed.

In addition, the power device industry and audio IC industry are marked by intense competition. The introduction of new products and technologies by our competitors, the market acceptance of products based on our new or alternative technologies, or our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Our company focuses on the automotive, energy and industrial, and consumer electronics sectors, which means we face more intense competition. Take the automotive sector as an example, amid growing competition, we are required to strike a balance between "quality, price, and functionality", which leaves us with very little room for error. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

If we are unable to deliver high-quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our future financial prospects. As a virtual IDM company, while have established cooperative arrangements with multiple third-party service providers for packaging and testing, we have limited control over the production process to timely meet our customers' shipment orders. Compared with other competitors, this approach enables us to leverage production capacity to largely ensure customer demand for our products, however, we cannot guarantee our production capacity will always meet the evolving demands of our customers.

As a result, we may face difficulties in managing production capacity and meeting delivery deadlines in the event of a surge in customer demand. If any of production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our production efficiency and product quality. We may also experience delays in shipments caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Furthermore, there can be no assurance that we will be able to maintain good relationships with, or renew our agreements with, these third-party service providers on commercially reasonable terms, if at all. If we fail to continue our cooperation with these third-party service providers, or if their business or operations are interrupted or fail due to factors beyond our control, including geological events such volcanic eruptions, earthquakes, hurricanes or other such natural disasters, and we fail to find comparable alternatives on reasonable terms, our business may be materially and adversely affected.

We may not have full control over the quality, availability and costs of our manufacturing, packaging, testing and assembly service providers.

In 2023, 2024 and 2025, our cost of sales amounted to RMB396.0 million, RMB370.3 million, RMB527.2 million, respectively. We engage third-party service providers to perform manufacturing, packaging and testing services for our power device and audio IC products. Our inability to secure qualified service providers for such services may impair our ability to complete project deliverables in a timely and effective manner. We have implemented strict quality control processes to oversee the production activities of these service providers. However, our oversight and quality inspections of the service providers' performance may not always be fully effective in ensuring compliance with our service quality standards.

We face potential legal liabilities if: (i) our oversight of the service providers' operations is inadequate; or (ii) the service providers violate applicable laws, rules or regulations, including those relating to environmental protection, occupational health and safety. Such violations may result in adverse consequences for the service providers, including the delay or denial of renewal of their relevant registrations or licenses, or even the revocation thereof.

In addition, our engagement of third-party service providers exposes us to risks arising from the service providers' non-performance, delayed performance or performance that fails to meet contractual standards. In the event of such occurrences, we would need to engage alternative service providers, which would result in additional costs. We may also incur extra expenses or be held liable due to: (a) delays in project schedules caused by the service providers; (b) defects in the services or products delivered by the service providers; or (c) accidents involving the service providers' employees that result in personal injury or death. Any of the foregoing events could have a material adverse impact on our profitability, financial condition and operating results, and may also lead to litigation against us or claims for damages.

We rely on third-party distributors for sales and delivery of our products, and any deterioration in our relationships with them or their failure to perform could materially and adversely affect our business, financial condition and results of operations.

A significant portion of our sales is conducted through third-party distributors. For our power device products, we primarily serve major customers directly and largely rely on our in-house teams to provide technical support and conduct marketing activities. Distributors in such cases mainly provide warehousing, logistics and settlement functions. Our power devices are typically selected based on specific industry applications or customer verticals, and our success in those segments is more closely tied to our distributors' performance.

During the Track Record Period, a significant portion of our revenue was generated through sales to distributors. For the years ended December 31, 2023, 2024 and 2025, our total sales to distributors amounted to approximately RMB128.4 million, RMB105.0 million and RMB144.7 million, representing approximately 29.7%, 27.4% and 26.7% of our total revenue for the same periods, respectively. Given this level of dependence, any significant change in our distributors' performance, strategy or financial condition may materially impact our ability to generate sales. However, we do not have control over their business strategies, operational priorities or allocation of resources, and some may also distribute products that compete with ours. If any of our distributors fail to prioritize our products, expand their coverage, or maintain end-customer relationships, or if they decide to reduce or cease cooperation with us, our sales performance may suffer.

In addition, we may not be able to renew distribution agreements or secure new distributors on commercially favorable terms, particularly as we compete with other IC and power device provider offering similar or more attractive commercial incentives, such as longer credit terms or higher margins.

Moreover, we are exposed to credit risk, as certain distributors are granted credit periods for payment. Any deterioration in their financial condition or delay in payment may adversely affect our cash flow and working capital.

We rely on our major customers and this may expose us to risks relating to fluctuations or decline in our revenue.

We generate a majority of our revenue from a limited number of major customers. In 2023, 2024 and 2025, our five largest customers accounted for approximately 45.8%, 42.2% and 48.3% of our total revenue, respectively. Our single largest customer accounted for approximately 15.8%, 11.6% and 20.9% of our total revenue for the same periods, respectively.

Given this customer concentration, our business and financial performance are highly dependent on the continued purchases by, and relationships with, these customers. Our customers may alter their purchasing volumes or terminate their engagement with us due to a variety of reasons, including internal procurement adjustments, changes in end-customer demand, intensified competition, product performance issues, or their own operational or financial challenges. As a result, there is no assurance that any of our major customers will continue to place orders with us at the current levels or at all.

Any loss of a major customer, or a material reduction in orders from such customers without timely replacement, could lead to a substantial decline in our revenue and cash flow, and may materially and adversely affect our business, results of operations, financial condition.

The third-party foundries from which we procure wafers may be unable to obtain the materials and components necessary for our business operations in a timely manner and at a reasonable cost, or experience disruption in providing wafers, which may adversely affect our revenue and profitability.

The power device industry and audio IC industry have experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from semiconductor and other manufacturers, availability of certain basic materials and supplies, such as chemicals, gases, polysilicon, silicon wafers, ultra-pure metals, lead frames and molding compounds, and subcontract services, like epitaxial growth and ion implantation, have from time to time, over the past several years, been in short supply and could come into short supply again if overall industry demand continues to increase in the future. In addition, from time to time natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer's production. Any shortage in supplies could affect the price of the above basic materials, in particular Si, and could reasonably affect our results of operations. Furthermore, as raw material purchase price is not only affected by the above materials and supplies, but also by the manufacture processes, technologies and services provided by the foundries, insufficient volume to secure priority ordering and technologies at foundries or any disruption of foundry services could occur as a result of production constraints on the foundries from which we procure manufacturing services, which could have a materially adverse effect on our business operations and our results of operations.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

- increased operating expenses and capital need;
- share dilution from the issuance of additional securities;
- incurrence of debt, goodwill impairment charges, amortization expenses for other intangible assets and contingent or unforeseen liabilities;
- diversion of our management's attention and resources from our existing business in the pursuit of such acquisition;
- frictions in the assimilation of operations, talents, intellectual property and products of an acquired business; and
- loss of key personnel and business relationships as a result of such acquisition.

We may also in the future enter into strategic cooperation with various third parties. Strategic cooperation with third parties could subject us to a number of risks, including:

- disclosure or misappropriation of proprietary information;
- defaults including breach of covenants, non-performance by the counterparty; and
- negative publicity related to these third-parties or such strategic cooperation.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions, and investment restrictions.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our business partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

For instance, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the BIS. These regulations are designed to restrict the access of certain Chinese companies to sensitive U.S. technologies, particularly in industries like telecommunications, artificial intelligence, and semiconductors. In addition to the United States, various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China, with specific focus on high-tech goods and services. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our solutions.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. These restrictions have particularly impacted Chinese companies involved in the development and manufacturing of cutting-edge technologies.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. These lists may be updated unpredictably, and once a party is added to the Entity List, it becomes subject to severe restrictions on access to certain U.S.-origin goods and technologies. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. As these export controls laws and regulations continue to expand and evolve, future export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

Additionally, these regulatory risks are compounded by the uncertainty and fluidity of international trade policies and the evolving nature of domestic regulations in key markets. Governments around the world are increasingly focusing on national security concerns, data privacy, and the protection of critical infrastructure, leading to more stringent regulations in areas such as cybersecurity, data governance, and intellectual property protection. The growing complexity of these regulatory environments, combined with the shifting geopolitical landscape, means that our ability to predict and adapt to future sanctions, export controls, and trade restrictions may be increasingly challenged, potentially affecting our competitiveness and operational flexibility.

Changes in international trade and investment policies, escalations of tensions in international relations, and increased scrutiny from customs and other authorities-particularly with regard to China — could materially and adversely impact our business and operating results. There have been heightened tensions in international relations in recent years, particularly with regard to China, which has resulted in and may continue to cause changes in international trade policies and additional barriers to trade. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it difficult to predict future developments regarding tariffs and other trade restrictions.

Recent developments in international trade relations have led to increased tariffs on multiple product categories across several of our operating markets. Notably, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. As our business model involves cross-border trade, these tariff measures may increase import costs for goods we sell, which could adversely affect our competitiveness, business, financial condition, or operating results. On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. Although certain low-value shipments may qualify for the de minimis exemption under U.S. customs regulations, the exemption threshold does not cover most of our shipments, and thus has limited mitigating effect. If U.S. authorities tighten eligibility or enforcement, our end customers may still face higher costs. Despite this short-term easing, global trade tensions remain elevated and may continue to escalate which may affect global trade and economic conditions. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours. In addition, the current U.S. tariff regime, including elevated tariffs on imports from China, may adversely affect our plan to use a portion of the **[REDACTED]** from the

[REDACTED] to invest in production centers and supply chain hubs in regions such as the United States. If tariffs increase further or are applied to a broader range of components or equipment used in these facilities, our ability to realize the intended cost and delivery benefits may be undermined.

More generally, any unfavorable future actions or escalations by countries and regions in which we operate, such as the imposition of tariffs, quotas, embargoes, safeguards, customs restrictions, capital controls and other restrictions, may affect the demand for our products and solutions, impact the competitive position of our solutions, increase our costs, or cause delays in the shipment and delivery of products, any of which could affect our business and financial condition. In response to any such future actions or escalations, we may have to change our business model and practices, and there is no guarantee that we may be able to do so successfully in a timely manner or at all. Any failure to do so may materially and adversely affect our business, financial condition and results of operations, and could lead to the temporary suspension of our operations in certain jurisdictions.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "**Final Rule**"). The Final Rule became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to notify, certain investments in Covered Foreign Persons, which are defined as "covered transactions," and include acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. These rules may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. As advised by the International Sanctions Legal Adviser, engaged by us in connection with the foregoing matters, our business constitutes "covered activities" (as defined in the Final Rule) and we may be deemed as a covered foreign person. However, potential U.S. person's **[REDACTED]** in us would not constitute prohibited transactions because our IC design does not meet those parameters specified in the prohibited scope. Relevant investment may nevertheless constitute a "notifiable transaction" under the Final Rule, as the design of any IC outside the prohibited parameters is captured within the activity scope of notifiable transaction. In addition, even though U.S. persons' acquisitions of certain publicly traded securities (such as our H shares) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this **[REDACTED]** given that relevant laws, regulations, and policies continue to evolve. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H shares may significantly decline, or in extreme cases, become worthless.

Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants of RMB5.2 million, RMB9.7 million and RMB201 thousand in 2023, 2024 and 2025, respectively, which mainly consist of subsidies received from government in support of our R&D projects and activities carried out in IC and power device industry and high-technology advancement.

The availability, scope and amount of such preferential treatments are subject to periodic review and discretionary approval by relevant government authorities and may be modified or discontinued due to changes in applicable laws, policies, government budget allocations or regulatory priorities. We cannot assure that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and result of operations may be materially and adversely affected.

Downturns or volatility in general economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on general economic conditions and the demand for the end products in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of the customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

We depend on the continued services and performance of our executives, senior management and other key employees, including core R&D personnel and skilled engineers. If we are unable to recruit, retain and motivate any of them, our business, operating results and financial condition may be adversely affected.

Our future performance depends on the continued services and contributions of our executives, senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and innovations, perform effective product design, and R&D. We also rely on our experienced management team to ensure smooth business operations, including maintenance of distributor and supplier relationships, and management of our operations. Any loss of service of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results.

From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the power device and audio IC sector. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

Our brand and reputation in the industry is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. Maintaining and enhancing our brand depends largely on our ability to continue to provide quality products, which we cannot assure you we will do successfully. Quality issues, product performance, reliability and stability of our products as well as price may harm our reputation and brand, and we may introduce new products which might be poorly received by our downstream customers. We cannot assure you that our marketing spends will lead to increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Security and Privacy." The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based compensation for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred equity-settled share-based transactions of RMB20.8 million, RMB12.6 million and RMB9.9 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of existing shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods.

Our power devices and audio ICs may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial conditions, results of operations and prospects.

Power device and audio IC products are highly complex and may contain defects that affect their quality or performance. Failures in our products could result in damage to our reputation for reliability and increase our legal or financial exposure to third parties. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our downstream customers, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results. We may also be subject to third parties' alleging damages resulting from use of our products. Those users may seek indemnification from us. In certain cases, our potential indemnification liability may be significant.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in China do not currently offer as extensive insurance products as insurance companies in other more developed economies do. As such, we cannot insure against certain risks related to our assets or business even if we desire to.

We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any failure to offer high-quality aftersales support services for our customers or end customers may harm our relationships with them and, consequently, our business.

We typically do not allow customers to return or exchange products except that returns may be permitted for defective products resulting from our faults or when an agreement for return has been reached through negotiations with us. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Permits and Approvals." We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. Please see "Regulatory Overview — Laws and Regulations on Cyber and Data Security" for further details. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks relating to commercial litigations and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to disputes or claims of various types brought by our competitors, employees (including former employees), suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could harm our business. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations.

Our operations may be delayed or interrupted and our business could suffer if we or the third-party foundries we cooperate with fail, or are alleged to have failed, to comply with any existing or new environmental, occupational or safety regulations.

We are subject to a variety of environmental, occupational or safety regulations globally relating to the use, discharge and disposal of toxic or otherwise hazardous materials used in our production processes and may be subject to the same regulations relating to the production processes of third-party foundries we cooperate with, as we operate with a virtual IDM model, focusing on the design process and outsource the manufacturing to foundries. Any failure or any claim that we or the third-party foundries we cooperate with have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business. In addition, any failure of us, or the third-party foundries we cooperate with, to comply with these regulations could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations. We may become subject to legislation, regulation, or treaty obligations designed to address global climate change, air quality in China, and other environmental concerns. Compliance with any new rules could be costly, causing us to incur additional energy and environmental costs, as well as costs for defending and resolving legal claims.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

RISKS RELATING TO OUR FINANCIAL CONDITION

We incurred net losses during the Track Record Period and we may continue to incur losses, and we may not be successful in expanding our operations or managing our growth.

For the years ended December 31, 2023, 2024 and 2025, we recorded gross profit of RMB36.8 million, RMB12.9 million and RMB14.3 million, respectively. In the same periods, we recorded loss for the year and period of RMB151.4 million, RMB183.9 million and RMB206.9 million, respectively, primarily due to (i) our significant investment in R&D, (ii) the cyclical downturn in the PRC power device and audio IC industry, which led to (a) intense competition among semiconductor companies, promoting us to adjust our product pricing to stay competitive, and (b) reduced demand from downstream end customers as they underwent a destocking phase, which caused our inventory turnover to slowdown and inventory aging to increase, leading to impairment losses on inventories. Please see "Financial Information — Description Of Certain Consolidated Statements Of Profit Or Loss And Other Comprehensive Income Items" for more information.

We cannot assure you that we will be able to generate profits in the future. Our ability to achieve future profitability depends largely on our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we will achieve this goal. We may experience net losses in the future as we further substantiate our long-term strategies, which may negatively influence our short-term financial performance. In addition, our ability to achieve and sustain future profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industries we operate in. In addition, we expect our costs and other operating expenses to increase as we expand our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis.

We incurred net liabilities, net current liabilities and operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

As of December 31, 2023 and 2024, we had net liabilities of RMB143.7 million and RMB299.1 million, respectively. The increase was primarily due to the increase in redemption liabilities and increased procurement to support our business expansion. In addition, we recorded net current liabilities of RMB174.6 million and RMB340.9 million as of December 31, 2023 and 2024, respectively, mainly attributable to the increase in our redemption liabilities, resulting from the new issuance of equity instruments with redemption rights to investors from 2023 to 2024. A net liabilities position can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as debt issuance and bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all.

Further, we incurred negative operating cash flows of RMB250.9 million, RMB125.6 million and RMB80.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. We may experience negative operating cash flows in the future, which may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek additional financing from our H Shares, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operation, and prospects.

If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fair value change for financial assets measured at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs may adversely affect our results of operations and financial condition.

We made investments in certain financial products during the Track Record Period. Our financial assets primarily consist of structured deposits with low risks issued by banks in China. See Note 41 to the Accountants' Report set out in Appendix I to this document for more details. We face exposure to fair value change for the financial assets at FVTPL.

Going forward, we may continue to invest in financial products. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will result in fair value gains on the financial products we invest in or we will not incur any fair value losses on our investments in the financial products in the future. If we incur such fair value losses, our results of operations and financial condition may be materially and adversely affected. These investments may earn yields substantially lower than anticipated, and the fair values of these financial products may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial products may materially and adversely affect our business and financial condition. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease.

In addition, if the financial assets we hold under FVTPL yield lower-than-expected returns, experience significant fair value volatility, or ultimately realize values below their carrying amounts due to valuation model limitations or changes in underlying assumptions, our business, results of operations and financial condition may be materially and adversely affected. In the event that we are unable to adequately manage the uncertainties associated with such valuation techniques and inputs, we may have limited or no recourse to mitigate such losses, and the value of our investments may decrease.

We may be exposed to credit risk arising from our trade and bill receivables. Failure to collect our trade and bill receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, our trade and note receivables primarily represent receivables from customers for sales of power devices and audio ICs. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB141.5 million, RMB103.7 million and RMB129.4 million, respectively. The credit period granted to our customers was generally one to three months for our power device and audio IC products from the date of invoice. See "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade Receivables" in this document.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstance. For example, our trade receivables turnover days increased from 89 days in 2023 to 123 days in 2024, and decreased to 83 days in 2025. See

"Financial Information" for more details. As a result, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales.

Our inventories primarily consist of (i) finished goods; (ii) outsourced processing materials, mainly representing semi-processed materials and goods for further testing and packaging; and (iii) returned inventory assets, primarily consisting of estimated amount of future returned goods based on refund liabilities arising from right of return. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. As of December 31, 2023, 2024 and 2025, we had gross inventories of RMB196.8 million, RMB214.3 million and RMB237.3 million, respectively, and made provision for inventories amounting to RMB31.2 million, RMB25.7 million and RMB58.3 million, respectively. For 2023, 2024 and 2025, our inventory turnover days were 160 days, 213 days and 170 days, respectively. We depend on our demand forecasts to make purchase decisions for raw materials and consumables and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively. As our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials and finished goods. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. There is no assurance that information relating to the business plans or sales results of our distributors would be reported to us by our distributors timely and accurately. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

We may not be able to implement our planned growth or development if we are unable to obtain sufficient financial resources to meet our future capital requirements.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing semiconductor industry. From time to time and increasingly so for the next few years, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our continued ability to obtain sufficient external financing is subject to a variety of uncertainties, including but not limited to, our future financial condition, results of operations and cash flow, general market conditions for financing activities, market conditions for financing activities of semiconductor companies, and social, economic, financial, political and other conditions in China and elsewhere. Sufficient external financing may not be available to us on a timely basis, on reasonable market terms, or at all. As a result, we may be forced to curtail our expansion and modification plans or delay the deployment of new or expanded product lines until we obtain such financing.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including **[REDACTED]** in this **[REDACTED]**, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in government policies, laws and regulations, and industry practice guidelines in the the jurisdiction we operate could materially and adversely affect our results of operations and prospects.

Our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in the judridictions we operate. Political and economic policies of governments could affect our business and financial condition. Failure to fully adapt to these changes in policies may adversely affect our growth.

Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our results of operations and prospects may be adversely affected.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

We may not be able to implement expansions as planned.

We intend to maintain our competitive advantages by, among others, expanding our product portfolio, investigating R&D, enhancing our selling and distribution capabilities. Such expansion plans and any other future expansion plans would require significant capital investments in research and development. For details, see "Future Plans and Use of **[REDACTED]**." We expect that we will incur substantial additional costs. As the success of our business expansion plans depends on various factors, many of which are beyond our control, there can be no assurance that we will be successful in implementing our strategies. Even if our strategies are implemented successfully, there can be no assurance that our strategies will lead to successful achievement of our business objectives.

Moreover, we may seek to expand our business through potential strategic investments and acquisition opportunities globally in the future. The success of these endeavors depends on the availability of, and competition for, suitable targets and opportunities, as well as financial resources, including available cash and financing capacity. Moreover, future cooperations, strategic investments, mergers and acquisitions and partnerships may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient income to offset the costs and expenses. These endeavors may also result in an increased leverage, sharing of potential legal liabilities in respect of the target businesses, and increased impairment charges related to goodwill and other intangible assets. As a result, we cannot assure you that we will be able to achieve the strategic purpose of any investment, partnership or cooperation, the desired level of control in management decisions of the partnership or our anticipated investment return from such business expansion. If we are unable to implement our expansion plans effectively, our business, financial condition and results of operations may be materially and adversely affected.

In addition, if our management, systems, resources and supporting infrastructure fail to effectively keep up with our planned expansion, we may experience difficulties in managing our growth and operations, and our financial condition and results of operations could be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign exchange loss of RMB19.0 thousand in 2023. However, any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the net **[REDACTED]** from the **[REDACTED]** will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the **[REDACTED]** from the **[REDACTED]**. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the

Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國個人所得税法(2018修正)》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the SAT effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國企業所得税法(2018修正)》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your **[REDACTED]** in our H Shares may be materially affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our most Directors and senior management.

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in China. In addition, the majority of our Directors, and executive officers reside in China, and a substantial portion of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

We lease properties in various places as premises. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance.

We lease properties in various places as premises primarily for our offices, warehouse and R&D laboratories. As of the Latest Practicable Date, we were unable to file the lease agreements for registration with respect to two out of five of our leased properties in China. In particular, the owners of two failed to provide us with valid property ownership certificates or other necessary documents required for the registration, and we were unable to register the lease agreements for these two properties. If these lessors are not the legal owners or have not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises.

Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share **[REDACTED]** company upon the completion of the **[REDACTED]**. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including basic pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and was amended in December 2012, and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. If we are subject to severe penalties or incur significant legal fees in connection with labor-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. According to our PRC legal Adviser, we have complied with the PRC laws and regulations, and relevant requirements issued by the competent authorities by making timely contributions to social insurance and the housing provident fund on behalf of our employees.

On July 31, 2025, the Supreme People's Court issued the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labour Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Under the New Judicial Interpretation, if an employer fails to make mandatory social insurance premiums in accordance with applicable laws for an employee, such employee is entitled to unilaterally terminate the labour contract and demand statutory economic compensation. In addition, the New Judicial Interpretation further clarifies that any agreement betweenan employer and an employee to waive mandatory social insurance premiums, or any undertaking by an employee that such premiums need not be paid, shall be deemed null and void. The New Judicial Interpretation does not expand the scope of penalties or repeal the provisions of existing laws and regulations.

Accordingly, if the relevant Chinese authorities determine that we are required to make supplementary payments for social insurance premiums and housing provident fund, or employees elect to terminate their labour contracts and seek such compensation due to any past or future deficiencies in our social insurance premiums, which could adversely affect our business, financial condition and results of operations.

Failure to comply with the legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

In the course of our business operations, we collect, store and process business data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of customers' personal information. See "Business — Environmental, Social And Governance ("**ESG**") — Information Security and Privacy Protection." We are subject to local and overseas laws relating to cybersecurity and data privacy. Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

Our operations are subject to PRC tax laws and regulations.

As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and there can be no assurance that an active market would develop, and the price and [REDACTED] volume of our H Shares may be volatile.

Prior to completion of the **[REDACTED]**, there has been no **[REDACTED]** for our H Shares. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. However, there can be no assurance that an active **[REDACTED]** market for our H Shares will develop or be sustained after completion of the **[REDACTED]**. Pursuant to applicable PRC laws, all of the Shares in issue as of the date of this document will be subject to a **[REDACTED]** period of one year from the **[REDACTED]**. If an active **[REDACTED]** for our H Shares does not develop following completion of the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares could be materially and adversely affected. The **[REDACTED]** is the result of negotiations between our Company, the Joint Sponsors and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may differ significantly from the **[REDACTED]** at which our H Shares will be traded following completion of the **[REDACTED]**. The **[REDACTED]** of our H Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

Future sales or perceived sales of substantial amounts of our H Shares in the **[REDACTED]** could have a material adverse effect on the prevailing **[REDACTED]** of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding. The **[REDACTED]** of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Although our existing shareholders are subject to restrictions on their sales of H Shares within 12 months from the **[REDACTED]** as described in "History, Development and Corporate Structure." While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the **[REDACTED]** period, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the **[REDACTED]** of our Shares.

In addition, **[REDACTED]** subscribing shares in the **[REDACTED]** may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the **[REDACTED]** for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the **[REDACTED]**. Any sale of the H Shares **[REDACTED]** by such **[REDACTED]** pursuant to such arrangement or agreement could adversely affect the **[REDACTED]** of our H Shares and any sizeable sale could have a material and adverse effect on the **[REDACTED]** of our H Shares and could cause substantial volatility in the **[REDACTED]** volume of our H Shares.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that prior to the conversion and **[REDACTED]** of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, **[REDACTED]** and **[REDACTED]** must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the pre-registration of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong

Kong Stock Exchange and delivery of shares for entry on the **[REDACTED]**. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the **[REDACTED]** price of H Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including, but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends.

Our Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including, but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the Controlling Shareholders will continue to control in aggregate approximately **[REDACTED]**% of our total share capital. Therefore, they will remain as our Controlling Shareholders. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

Facts, forecasts and statistics in this document relating to power device and audio IC markets may not be fully reliable.

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources were not prepared or independently verified by us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, **[REDACTED]** should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us and the **[REDACTED]**. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not.

In preparation for the **[REDACTED]**, our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and certificates of exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. Li Xin (李鑫) and Ms. Ha Ching Ching (夏正靜) ("**Ms. Ha**") as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any) to each of the Authorized Representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Ignite Capital (Asia Pacific) Limited as our compliance adviser upon **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Wang Shu (王曙) ("**Mr. Wang Shu**"), our Board secretary, as one of our joint company secretaries. He has considerable experience in matters relating to financial and administrative management but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Ha, a member of The Australian Society of Certified Practising Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Wang Shu for an initial period of three years from the **[REDACTED]** to enable Mr. Wang Shu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Ha's professional qualification and experience, she will be able to explain to both Mr. Wang Shu and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Ha will also assist Mr. Wang Shu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ha is expected to work closely with Mr. Wang Shu and will maintain regular contact with Mr. Wang Shu, our Directors and the senior management of our Company. In addition, Mr. Wang Shu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. Mr. Wang Shu will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Wang Shu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Wang Shu may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the **[REDACTED]** on the conditions that (a) proposed company secretary must be assisted by Ms. Ha, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the **[REDACTED]** and will be revoked immediately if and when Ms. Ha ceases to provide such assistance to Mr. Wang Shu as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Wang Shu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Mr. Wang Shu, having benefited from the assistance of Ms. Ha for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Guo	Room 802, No. 2 Lane 825, Chenhui Road Pudong New Area Shanghai China	Chinese
Mr. Li Weigang (李衛剛)	Room 303, No. 4 Lane 1139, Shuangqiao Road Pudong New Area Shanghai China	Chinese
Mr. Chen Kaiyu (陳開宇)	Room 1101, No. 10 Lane 551, Changbei Road Baoshan District Shanghai China	Chinese
Mr. Li Xin (李鑫)	Room 1703, No. 149 Lane 667, Ziwei Road Pudong New Area Shanghai China	Chinese
Mr. Wang Yiming (王一鳴)	Room 19–311, Phase II of Caidieyuan No. 808 Pengcheng Road Wenjiang District, Chengdu City Sichuan Province China	Chinese
Non-executive Director		
Mr. Lu Xiaobao (盧小保)	Room 104, Unit 2, Building 15 No. 300 Xifeng 4th Road Yanta District, Xi'an City Shaanxi Province China	Chinese

Name	**Address**	**Nationality**
Independent Non-executive Directors		
Dr. Han Jun (韓軍)	No. 100, Rende Road Wujiaochang Street Yangpu District Shanghai China	Chinese
Ms. Wu Minyan (吳敏豔)	Room 1101, Building D12 Runxin Garden, Qinchuan Street Changshu City Jiangsu Province China	Chinese
Mr. Li Fai (李輝)	Flat D, 10/F Cheong Yuen Apartment 2–8A Tsat Tsz Mui Road North Point Hong Kong	Chinese

For details with respect to our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong **China Merchants Securities (HK) Co., Limited** 32/F, One Exchange Square 8 Connaught Place, Central Hong Kong *(in no particular order)*
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

Legal Advisers to our Company	*As to Hong Kong and U.S. laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC laws:* **AllBright Law Offices** 11, 12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai PRC
Legal Advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong laws:* **Eric Chow & Co. in Association with Commerce & Finance Law Offices** 3401, Alexandra House 18 Chater Road, Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12–15/F, China World Office 2 No.1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditors and Reporting Accountants	**BDO Limited** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong

Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC
Compliance Adviser	**Ignite Capital (Asia Pacific) Limited** Room A, 15/F Chinese Manufacturers' Association Building 64–66 Connaught Road Central Central Hong Kong
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 11, Lane 999, Dangui Road China (Shanghai) Pilot Free Trade Zone Shanghai China
Principal Place of Business in Hong Kong	Room 504, 5/F Cheong Tai Commercial Building 60-66 Wing Lok Street Sheung Wan Hong Kong
Company's Website	www.alkaidsemi.com *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Wang Shu (王曙)** Room 2401, Building 7 No. 9, Xinting Street Jianye District, Nanjing City Jiangsu Province China **Ms. Ha Ching Ching (夏正靜)** *(HKICPA, FCPA, CPA (Australia))* Flat 1107, 11/F Hong Kwai House, Cheung Hong Estate Tsing Yi New Territories Hong Kong
Authorized Representatives	**Mr. Li Xin (李鑫)** Room 1703, No. 149 Lane 667, Ziwei Road Pudong New Area Shanghai China **Ms. Ha Ching Ching (夏正靜)** *(HKICPA, FCPA, CPA (Australia))* Flat 1107, 11/F Hong Kwai House, Cheung Hong Estate Tsing Yi New Territories Hong Kong
Audit Committee	**Ms. Wu Minyan (吳敏豔)** *(Chairperson)* **Dr. Han Jun (韓軍)** **Mr. Li Fai (李輝)**

Remuneration Committee	**Mr. Li Fai (李輝)** *(Chairperson)* **Mr. Li Xin (李鑫)** **Ms. Wu Minyan (吳敏豔)**
Nomination Committee	**Mr. Li Fai (李輝)** *(Chairperson)* **Mr. Li Xin (李鑫)** **Ms. Wu Minyan (吳敏豔)**
[REDACTED]	**[REDACTED]**
Principal Banks	**China Merchants Bank, Shanghai Rongke Road Sub-Branch** No 277 Rongke Road Pudong New Area Shanghai China **Shanghai Pudong Development Bank Co.,Ltd, Shanghai Pilot Free Trade Zone Branch** No.588 Pudong South Road Pudong New Area Shanghai China

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the ***[REDACTED]****. The information from official government sources has not been independently verified by us, or any of our directors and advisers, or any other persons or parties involved in the* ***[REDACTED]****, and no representation is given as to its accuracy.*

OVERVIEW OF GLOBAL SEMICONDUCTOR INDUSTRY

Global Semiconductor Industry Development Trends

A new technological revolution is accelerating, accompanied by rising levels of electrification, the rapid development of industries such as new energy vehicles, and the accelerated deployment of AI-driven intelligent data centers. Energy and computing paradigms have evolved from "fossil energy and centralized computing" to "new energy and Central Processing Unit (CPU)," and now to "next-generation power systems with Graphics Processing Unit (GPU)," with computing power continuously moving closer to end-use scenarios and expanding its range of applications.

In this context, the global semiconductor industry is undergoing significant structural transformation, with automotive and AI applications emerging as the core drivers of the growth. In the automotive sector, the electrification trend is shifting vehicles from mechanical systems to electronic systems, making power device critical components for key functions such as motor drives and onboard charging. The advancement of artificial intelligence has likewise imposed higher demands on power devices, as large-scale model training and inference increasingly require enhanced computing power, power management and energy efficiency control. At the same time, the proliferation of smart terminals and the rise of AI-driven interactions are placing greater emphasis on high performance and low power consumption in audio ICs, accelerating their penetration and innovation in consumer electronics, in-vehicle voice systems, and related applications.

Semiconductor Product Categories

Semiconductor products can be broadly divided into four major categories based on structural and functional differences: integrated circuits, discrete devices, optoelectronic devices, and sensors.

Integrated circuits are miniature circuit systems that integrate a large number of transistors, resistors, capacitors, and other components onto a single chip and represent the most widely used type of semiconductor product today. Analog integrated circuits, which include signal chain chips, are used to process continuous signals. Discrete devices, such as power devices, are basic semiconductor components with single functions that have not been extensively integrated; they are commonly used in power control and circuit protection. Optoelectronic devices enable the conversion between electrical and optical signals and form the technological foundation for optical communications and display technologies. Sensors are used to detect and capture physical signals such as temperature, pressure, sound, light, and motion, converting them into electrical signals that can be processed by electronic systems. Common examples include MEMS microphones.

With the rapid advancement of intelligence and electrification, power semiconductors and other essential components have emerged as key enablers linking the physical world with digital systems. The ongoing upgrade of energy and computational power is sparking a transformative wave, fostering the integration of multi-modal sensing and control technologies, spanning acoustics, optics, and electronics, to support increasingly complex intelligent applications. At the same time, low-carbonization and electrification trends are reshaping global energy systems, accelerating the deployment of high-efficiency energy conversion and control devices. In addition, as human-machine interaction continues to evolve, end devices are placing stricter performance requirements on sensing and control chips, driving robust growth in demand for components such as audio ICs.

OVERVIEW OF THE GLOBAL AND CHINESE POWER DEVICE INDUSTRY

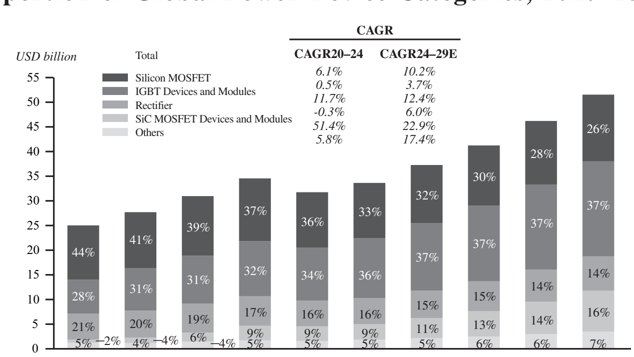
Definition and Classification of Power Devices

Power devices are the core components in electronic systems for electrical energy conversion and circuit control. By switching electrical currents on and off and modifying their waveforms, these devices enable power conversion, amplification, voltage regulation, current control, and circuit protection.

Based on material type, power devices can be divided into those fabricated with silicon-based materials and those manufactured using third-generation semiconductor materials such as silicon carbide (SiC) and gallium nitride (GaN). While early development relied primarily on silicon, the growing demand for high-voltage, high-power, and high-frequency applications has positioned third-generation semiconductors with their superior breakdown electric field strength and thermal conductivity as a key driver for future growth.

From a technological perspective, power devices can be classified into various types such as MOSFETs and IGBTs. MOSFETs and IGBTs are currently the mainstream power devices. As silicon-based power devices approach their theoretical performance limits, power devices fabricated with wide bandgap materials exhibit superior characteristics compared to their silicon-based counterparts and are expected to gradually replace them as the dominant choice for high-voltage and high-frequency applications.

Proportion of Global Power Device Categories, 2020–2029E



Source: Yole Group, The CIC Report.

Analysis of Power Device Size and Structure Evolution Trends

From the perspective of size evolution, power devices as a whole are exhibiting a trend toward larger wafer sizes and more advanced structural iterations. For silicon-based power devices, manufacturing processes have progressed from 4-inch and 6-inch wafers to 8-inch and now toward 12-inch wafers. Device structures have likewise advanced from diodes to (evolving from planar MOSFET to trench MOSFET, SGT MOSFET and super-junction MOSFET) and then to IGBTs, reflecting continuous optimization in conduction loss and switching performance.

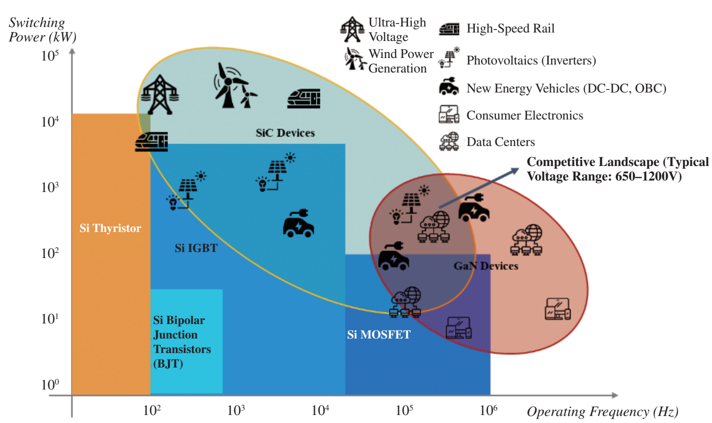
In comparison, SiC power devices began with 4-inch and 6-inch wafers and are currently in a critical phase of expansion toward 8-inch wafers. Their device structures have evolved from diodes to MOSFETs. For SiC MOSFETs, most companies remain focused on planar MOSFET designs, while some are beginning to establish technological advantages in trench MOSFET and super-junction MOSFET. Overall, the technological evolution of both silicon-based and SiC devices points toward higher performance and scalability. In the future, the combination of larger wafer sizes and advanced structures will further enhance device efficiency and cost competitiveness.

Analysis of Power Device Material Evolution Trends

As traditional silicon-based power devices approach their physical performance limits, the upgrade of materials has become an inevitable trend. Third-generation semiconductors, represented by SiC and GaN, are emerging as the key direction for material evolution in power devices due to their significant advantages in critical parameters such as bandgap width, breakdown electric field strength, and thermal conductivity. The rapid rise of third-generation semiconductors is essentially a technology-driven iteration fueled by "energy efficiency concerns," accelerating breakthroughs in efficiency, size reduction and thermal management for power devices.

From a material characteristics perspective, SiC and GaN demonstrate far greater stability than silicon when operating under complex conditions involving high voltage, high temperature, and high frequency. They are particularly well suited for applications with stringent requirements for energy efficiency and reliability. In terms of specific use cases, SiC is better suited for high-voltage, high-power fields such as new energy vehicles and industrial power supplies, whereas GaN, owing to its high-frequency characteristics, has achieved rapid penetration in medium- and low-voltage applications, including consumer and data center power supplies.

Comparison of Power Device Application Scenarios



Source: Yole Group, The CIC Report.

Analysis of Power Device Technology Evolution Trends

- **Transition from Planar to Three-Dimensional Structures:** Early planar devices faced performance bottlenecks, which were subsequently addressed through super-junction technology that enabled charge balancing and effectively improved the trade-off between breakdown voltage and conduction performance. In high-voltage, high-power scenarios, IGBTs have become the mainstream choice by combining the low drive power of MOSFETs with the high current density of bipolar transistors. In recent years, devices have further evolved toward three-dimensional structures, employing vertical channels and deep trench designs to significantly enhance current-carrying capacity and heat dissipation efficiency, thereby meeting the trend of increasing power density.

- **Industry-Wide Technological Breakthroughs:** With upgrades in CMP (chemical mechanical polishing) equipment, wafers can now undergo higher-precision thinning processes, reducing on-state resistance and improving conduction efficiency. Meanwhile, etching technology precision has advanced to the nanometer scale, enabling more accurate control of trench depth and line width, which significantly improves current transport paths and electric field distribution.

- **Advancements in Packaging Materials Toward Higher Thermal Conductivity and Lower Thermal Resistance:** Traditional materials and structures in packaging can no longer meet the heat dissipation requirements of high-performance scenarios. Currently, packaging is evolving toward materials with higher thermal conductivity and lower thermal resistance, such as copper- and ceramic-based substrates. Combined with advanced thermal interface materials (TIM) and bottom-cooling designs, these innovations effectively reduce junction temperatures during operation, enhancing system stability and reliability.

- **The Integration Evolution of Power Devices from Discrete to System-on-Power (SoP):** Power devices are gradually evolving from traditional discrete components to SoP integration. SoP integrates multiple functional modules, such as rectification, voltage conversion, and control, into a single package. This not only improves overall system power density and conversion efficiency but also significantly reduces device size and simplifies downstream system design for end-product manufacturers.

Business Models in the Power Device Industry

The power device industry currently operates under the following business models: IDM (Integrated Device Manufacturer) and the non-IDM models (fabless and virtual IDM).

- **IDM Model:** IDMs possess end-to-end capabilities, from design and manufacturing to packaging and testing. Leveraging in-house production lines across the entire process, companies can achieve high levels of coordination in quality control, capacity assurance, and process stability. This model is typically suited for applications with relatively stable product categories and clear batch production characteristics. However, due to the need for continuous investment in wafer fabrication, packaging and testing facilities, this model is associated with higher operating costs and asset intensity, along with reduced flexibility. As such, it is more commonly adopted by large enterprises.

- **Fabless Model:** Fabless companies concentrate on chip design and sales, outsourcing the entire manufacturing process — including wafer fabrication, packaging, and testing — to external partners. Due to the absence of proprietary process technologies, they inherently lack technical authority in the manufacturing process. Their collaborations with foundries and outsourced semiconductor assembly and test (OSAT) providers exhibit high dependency; they cannot customize manufacturing processes or swiftly respond to process iterations, thus passively adapting to existing process systems. This model features a light-asset structure and high turnover, enabling resources to focus on technological innovation and product differentiation, thereby accelerating product iteration. Its flexibility and scalability make it particularly suitable for small and medium-sized enterprises or emerging application sectors. However, heavy reliance on external capacity can pose challenges in terms of capacity assurance, delivery schedules, and deep process customization.

- **Virtual IDM Model:** The Virtual IDM model combines design-driven flexibility with moderate control over critical manufacturing processes. In this model, companies typically center on chip design while retaining control over specific proprietary process technologies, establishing deep partnerships with foundries and packaging or testing service providers. Unlike the Fabless model's passive dependence on external capacity, the Virtual IDM model possesses, to some extent, process control capabilities — such as instructing foundries to conduct targeted process optimizations based on its proprietary process requirements. By fostering collaboration between design and process development, companies can rapidly adjust to diverse downstream demands, enhancing product customization capabilities and overall delivery flexibility.

Power Device Industry Value Chain Analysis

With the advancement of electrification and digitalization, the demand for enhanced performance and energy efficiency across all segments of the power device value chain continues to grow. Efficient collaboration throughout the entire value chain has become essential to meeting the rising requirements for performance and energy efficiency. Upstream market participants include EDA (Electronic Design Automation) software providers, IP suppliers (offering independent, modular, and reusable circuit designs), as well as equipment and material suppliers. The midstream segment comprises the core stages of the industry: integrated circuit design companies may operate under the IDM model, the virtual IDM model, or the fabless model. Between the midstream and downstream, distributors play an important role by handling product distribution, channel expansion, and customer service. They enable manufacturers to more efficiently access broader markets and provide downstream customers with flexible procurement options and technical support services. Downstream application sectors include automotive, energy and industrial, and consumer markets.

Major Application Scenarios for Power Devices

Power devices are extensively deployed across multiple critical industry sectors, with varying requirements for performance, cost, and reliability depending on the end application.

In the automotive sector, power devices are used in both high-voltage and low-voltage systems. High-voltage applications include the main drive motor, high-voltage distribution, onboard chargers (OBC), and DC-DC converters, where SiC MOSFETs and IGBTs are predominantly used to meet requirements for high efficiency, high power density, and thermal robustness. Low-voltage applications cover systems such as low-voltage distribution, vehicle control, seat control, window control, chassis control, and electronic water pumps, fans, and other auxiliary devices, where silicon-based MOSFETs are primarily employed to ensure reliability, surge resistance, and compliance with automotive-grade certification standards.

In AI data centers, power devices are primarily utilized in server power supplies, GPU rack power systems, and other data center power delivery components. Their roles span key stages of the power architecture, including AC-DC rectifiers, DC-DC converters, DC-AC inverters in UPS systems. They must deliver high efficiency, high power density, and excellent thermal performance to meet the stringent energy efficiency and thermal management requirements of data-intensive workloads.

In the energy and industrial sectors, power devices are widely applied in industrial control, photovoltaic inverters, energy storage systems, and charging stations, with a focus on efficiency, reliability, and electromagnetic compatibility. In the consumer electronics segment, power devices are mainly used in fast chargers, power adapters, and laptop power supplies.

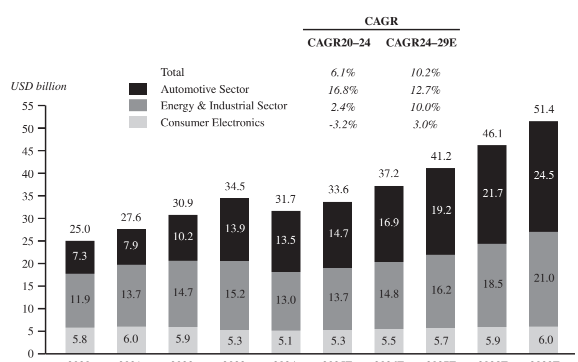
Global and Chinese Power Device Market Size

The global power device market has demonstrated steady growth. In revenue terms, the global market size increased from USD25.0 billion in 2020 to USD31.7 billion in 2024, representing a CAGR of 6.1% during this period. The modest decrease in 2023–2024 was primarily attributable to supply chain constraints and temporary weakness in end-market demand. It is projected to reach USD51.4 billion by 2029, with a CAGR of 10.2% from 2024 to 2029.

Among downstream applications, the automotive sector is one of the fastest-growing segments. The market size for automotive applications rose from USD7.3 billion in 2020 to USD13.5 billion in 2024, reflecting a CAGR of 16.8%. It is expected to reach USD24.5 billion by 2029, with a CAGR of 12.7% between 2024 and 2029. Automotive power device applications have exceptionally high entry barriers, imposing stringent requirements on electrical performance, reliability, and stability. Moreover, automotive manufacturers implement rigorous certification processes for power device suppliers, requiring multiple tests and verifications before integration into stable supply chains.

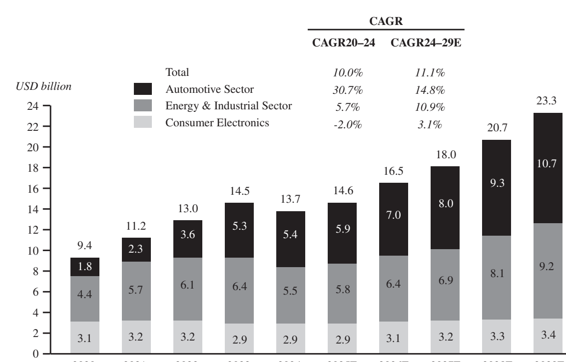
The energy and industrial sector expanded from USD11.9 billion in 2020 to USD13.0 billion in 2024 and is forecast to reach USD21.0 billion by 2029, with a CAGR of 10.0% between 2024 and 2029. The renewable energy segment represents a significant growth opportunity, with the market reaching USD2.4 billion in 2024 and expected to expand at a CAGR of 13.8% from 2024 to 2029. Additionally, AI data centers represent an increasingly important application segment for power devices, with a growing share of the overall market. The market size for power devices in AI data center applications was approximately USD700.0 million in 2024, achieving a CAGR of 23.9% from 2024 to 2029.

Global Power Device Market Size, by Revenue, 2020–2029E



Source: Yole Group, Omdia, The CIC Report.

China Power Device Market Size, by Revenue, 2020–2029E



Source: Statista, Omdia, The CIC Report.

The China power device market has demonstrated steady growth. In revenue terms, the China market size increasing from USD9.4 billion in 2020 to USD13.7 billion in 2024, representing a CAGR of 10.0% during this period. It is projected to reach USD23.3 billion by 2029, with a CAGR of 11.1% from 2024 to 2029.

Among downstream applications, the automotive sector is one of the fastest-growing segments. The market size for automotive applications rose from USD1.8 billion in 2020 to USD5.4 billion in 2024, with a CAGR of 30.7% during this period. The market is expected to reach USD10.7 billion by 2029, with a CAGR of 14.8% from 2024 to 2029.

There are significant disparities in the localization rates of power devices currently across different downstream applications. The consumer-grade segment has over 80% localization rate, while in the automotive-grade segment with the highest technical barriers and the largest market size, the localization rate remains below 10%. With the development of the new energy vehicle industry, domestic substitution is becoming a long-term trend.

Key Drivers and Trends for the Power Device Industry

- **Deep Transformation in New Energy Vehicles:** As the global penetration rate of NEVs continues to rise, electric drive systems are evolving toward integration and higher performance. To meet demands for higher efficiency and power density, power devices are advancing in material innovation, transitioning from silicon to silicon carbide and gallium nitride, as well as in packaging technology through solutions such as double-sided cooling and low-inductance design. These two advancements support deeper integration of power modules with drive control circuits.

- **AI-Driven Performance Enhancements:** With the rapid adoption of AI technologies, particularly in AI data centers, edge computing, and smart devices, there is growing demand for high-performance power devices with improved efficiency and capability.

- **Essential Needs of Energy Transition:** Large-scale construction of global energy storage and renewable power generation facilities is fueling demand for high-voltage, high-frequency, and high-reliability power devices. Beyond the performance of individual components, end users are increasingly emphasizing system-level efficiency, including thermal management.

- **Performance Enhancement Driven by Material Innovation:** The rapid adoption of third-generation semiconductor materials has significantly improved the high-power, high-frequency, and high-temperature performance of power devices. Compared with traditional silicon-based devices, SiC and GaN offer lower conduction losses, higher breakdown voltage, and stronger thermal stability.

- **Technological Innovation Supported by Manufacturing Advancements:** With the large-scale operation of large-diameter wafer production lines and improved capacity utilization, innovation in packaging technology has a stronger foundation. New packaging techniques (such as high-reliability interconnects) are breaking through traditional performance limitations, significantly enhancing the service life and energy efficiency of power devices.

Overview of the Global and Chinese Audio IC Industry

Definition and Classification of Audio ICs

Audio ICs refer to integrated circuits used for the acquisition, processing, conversion, and output of sound signals, serving as a critical bridge between real-world analog signals and digital computing systems. They cover the full product chain ranging from front-end audio sensor ICs, such as MEMS microphone ICs, to back-end signal chain ICs, and are widely applied in various voice-interaction scenarios, including smartphones, intelligent voice terminals, and in-vehicle systems. Audio ICs primarily include MEMS microphone ICs and signal chain ICs.

Composition of the Audio Signal Chain System

Various categories of audio ICs work in concert to form a complete audio signal chain system, which serves as the functional embodiment of audio ICs and covers the entire process from sound acquisition to signal output. The audio signal chain system begins with the **acquisition** stage, typically employing MEMS microphones as front-end sensors to capture sound waves from the environment and convert them into analog electrical signals. These signals are then subject to initial gain adjustment through a pre-amplifier (Pre-Amp) to ensure sufficient signal strength for subsequent processing. Analog filters and programmable gain amplifiers (PGA) further refine the raw signals, enabling noise suppression, bandwidth control, and other key functions to complete the **signal conditioning process**. The conditioned analog signals are subsequently converted into digital form by analog-to-digital converters (ADC) and passed to the **signal processing** stage. Here, audio algorithms are executed on the digital signal processor (DSP), implementing functions such as echo cancellation, noise suppression, and beamforming across both uplink and downlink pathways. The processed digital signals are then converted back into analog form by digital-to-analog converters (DAC) for playback by end devices. At the final **output amplification and driving** stage, output filters, power amplifiers (PA), and headphone/ speaker drivers jointly perform signal amplification and driving, ensuring sufficient output power for speakers or headphones. This completes the closed-loop operation of the audio signal chain.

Analysis of Audio Signal Chain Technology Evolution Trends

With the continuous upgrade of smart devices, wearable devices and voice interaction technologies, audio signal chain systems are evolving from discrete functional components towards higher levels of integration, lower power consumption and improved performance. At the front-end acquisition stage, **MEMS microphones** are undergoing a transition from traditional analog output to digital output. At the signal conversion stage, **ADC and DAC converters** continue to advance towards higher precision and lower power consumption. In addition, the **integration trend among functional modules** is becoming more apparent. From a **packaging** perspective, chip packaging is developing towards miniaturisation and higher density. At the same time, **integration** is shifting from single-function chips to SoC and SiP solutions, enabling more functions to be deployed within a single chip or package.

Value Chain Analysis of the Audio IC Industry

At the **upstream** level, wafer materials and manufacturing equipment provide the fundamental support for industry development. The **midstream** segment covers audio IC companies engaged in design and wafer fabrication. By integrating key functional modules such as ADC, DAC, PGA and DSP, audio IC companies deliver highly integrated, low-power and high signal-to-noise ratio signal chain solutions to meet the requirements of advanced applications such as voice recognition and spatial audio. At the **downstream** level, audio ICs are widely applied in a variety of terminal scenarios, including smartphones, smart speakers, smart wearables and in-vehicle voice systems. The audio IC industry value chain is demonstrating a trend of collaborative evolution, characterised by application-driven innovation and enhanced value through integration.

Analysis of Major Application Scenarios of Audio ICs

Consumer electronics: With the continuous advancement of AI technologies, functions such as AI voice assistants and multimodal interaction are being rapidly embedded into various smart devices, significantly enhancing user experience. Smartphones, smart speakers and AI earphones have already widely integrated voice recognition, natural language processing and semantic understanding capabilities, enabling services such as voice control, real-time translation, personalised recommendation and contextual interaction.

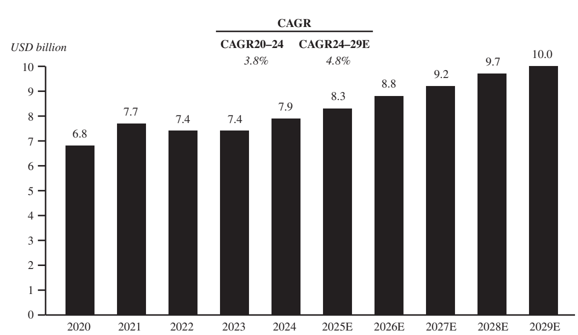
Automotive electronics: AI has become a core component of smart cockpits and advanced driver-assistance systems (ADAS). Voice interaction, as a key human-machine interface, has been widely adopted in vehicle systems, supporting functions such as intelligent voice control, voice wake-up and natural semantic understanding.

Other emerging AI application areas: In downstream segments such as education, healthcare, security and retail, AI-powered human-machine voice interaction technologies are also demonstrating strong potential. Service robots, equipped with AI voice functions, can conduct natural conversations with users, addressing diverse needs such as reception, guidance, companionship, inspection and warning, thereby accelerating the deployment of AI interaction capabilities across multiple industries.

Global and China's Audio IC Market Size

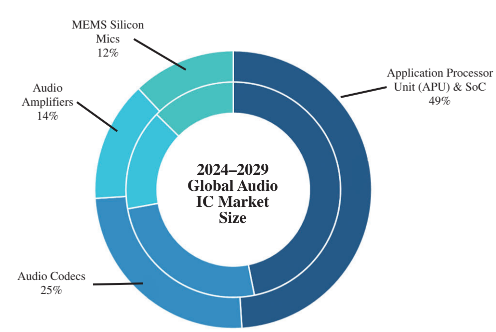
Driven by the upgrading of consumer electronics, the increasing adoption of smart voice applications and the acceleration of automotive intelligence, the audio IC market continues to expand. In revenue terms, the global audio IC market grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8%. It is expected to reach USD10.0 billion by 2029, with a CAGR of 4.8% for the period from 2024 to 2029.

Global Audio IC Market Size, by Revenue, 2020–2029E



Source: Yole Group, The CIC Report.

Global Audio IC Market Breakdown by Product Type, 2020–2029E

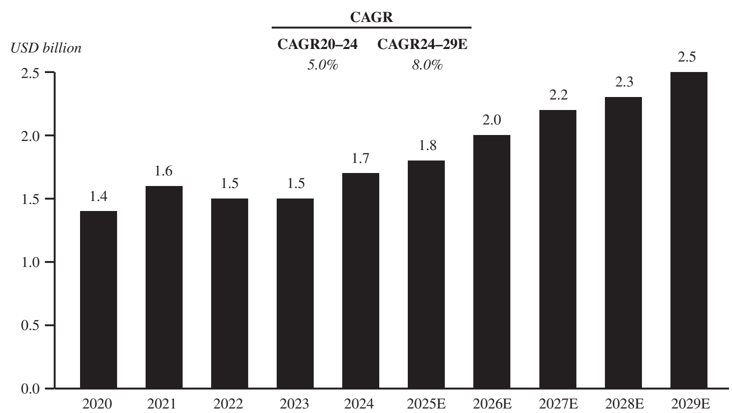


Source: Yole Group, The CIC Report.

The integration of Artificial Intelligence Generated Content (AIGC) capabilities and large language models (LLMs) into smart devices will significantly raise the specification requirements of microphones, particularly in terms of achieving higher signal-to-noise ratios, in order to enhance the user experience in voice interaction. The wider adoption of AI is expected to further expand the addressable market for audio ICs.

The size of China's audio IC market has grown from USD1.4 billion in 2020 to USD1.7 billion in 2024, representing a CAGR of 5.0% over the period. It is projected to reach USD2.5 billion by 2029, with a CAGR of 8.0% between 2024 and 2029.

China's Audio IC Market Size, by Revenue, 2020–2029E



Source: Yole Group, The CIC Report.

Key Drivers and Trends of the Audio IC Industry

With the growing demand for real-time responsiveness and higher intelligence levels in human-machine interaction, smart home devices and robotics, audio has become a critical entry point for human-machine interaction in the AI era. This trend is driving the accelerated adoption of audio ICs integrated with DSPs or dedicated AI processing units, providing critical support for edge devices to achieve low-latency, high-accuracy human-machine interaction.

As downstream applications diversify, audio ICs are expanding beyond traditional consumer electronics to automotive systems, smart home devices, conferencing tools, and wearables, driving demand for high-performance, multi-category products. The growing adoption of voice interaction as a core human-machine interface, coupled with trends toward integration, miniaturization, and low power consumption, is prompting manufacturers to optimize designs and packaging. Meanwhile, accelerated domestic substitution and the pursuit of supply chain autonomy are fueling rapid growth among local audio IC suppliers.

Structure and Process of MEMS Microphone

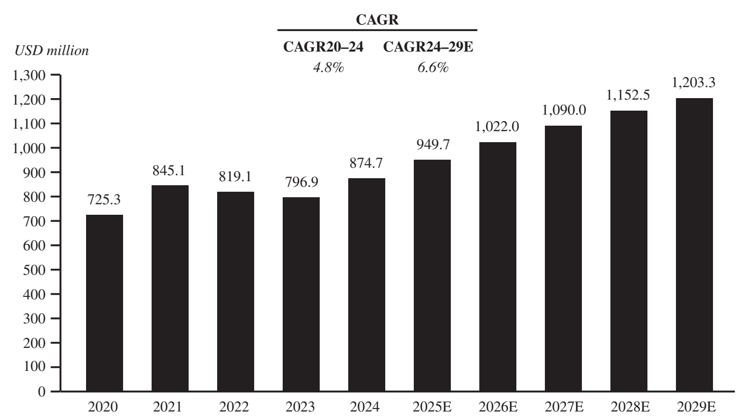
MEMS microphones are the front-end core components of the audio acquisition chain, and their performance directly determines the overall quality of terminal audio systems. A MEMS microphone module typically consists of a MEMS sensor chip, an ASIC chip, and the acoustic cavity and packaging structure. The MEMS sensor chip, through the capacitor structure formed by the diaphragm and backplate, converts sound pressure signals into electrical signals; the ASIC chip undertakes signal amplification, bias adjustment and analog-to-digital conversion; while the acoustic cavity and packaging design further enhance the signal-to-noise ratio and reliability. With this system-level integrated design, MEMS microphone modules can be widely applied in smartphones, AI earphones, smart speakers and in-vehicle voice systems, serving as critical enablers for voice interaction.

With the rapid growth of AI applications and the increasing adoption of multi-microphone arrays, MEMS microphone modules are evolving towards higher signal-to-noise ratio, lower noise, miniaturisation and greater integration, in order to meet the growing demand for enhanced voice acquisition performance in downstream applications.

Global MEMS Microphone Module Market Size

The global MEMS microphone module market increased from USD725.3 million in 2020 to USD874.7 million in 2024, representing a compound annual growth rate (CAGR) of 4.8% during the period. It is projected to reach USD1,203.3 million by 2029, with a CAGR of 6.6% for the period from 2024 to 2029.

Global MEMS Microphone Module Market Size, by Revenue, 2020–2029E



Source: Yole Group, The CIC Report.

Trends in Audio Signal Chain ICs

Audio signal chain ICs are experiencing strong demand in applications such as smartphones, smart speakers, wearable devices and robotics, with the market size continuing to expand. However, the domestic substitution rate remains relatively low at present, and core components are still largely dependent on overseas suppliers, which provides substantial market opportunities and localisation potential for domestic manufacturers. Audio signal chain ICs are evolving towards higher integration and greater intelligence.

COMPETITIVE LANDSCAPE OF THE GLOBAL AND CHINESE POWER DEVICE AND AUDIO IC INDUSTRY

Ranking of Chinese Power Device Suppliers

Among Chinese power device suppliers, in terms of 2024 revenue, the company ranked 21st. Within the segment of non-IDM power device manufacturers, it ranked 6th by revenue in 2024. Despite being the most recently established among the top competitors, it has rapidly emerged as a new and competitive force in Chinese power device industry.

The market share of Chinese IDM power device companies is ~50%, with the number of such companies estimated to be ~50–100.

Ranking of Chinese Power Device Suppliers by Revenue 2024

Ranking	Year Founded	Company	2024 Power Device Revenue (RMB billion)	Market Share (%)	Business Model
1	1993	Company A[(1)]	~14.7	~14.9%	IDM
2	1997	Company B[(2)]	~5.4	~5.5%	IDM
3	2006	Company C[(3)]	~5.2	~5.3%	IDM
4	2003	Company D[(4)]	~5.2	~5.2%	IDM
5	1959	Company E[(5)]	~4.1	~4.2%	IDM
6	2005	Company F[(6)]	~3.4	~3.4%	NON-IDM
7	2000	Company G[(7)]	~2.9	~2.9%	IDM
8	1970	Company H[(8)]	~2.3	~2.3%	IDM
9	2018	Company I[(9)]	~2.2	~2.2%	IDM
10	1965	Company J[(10)]	~2.0	~2.0%	IDM
......		......	......	......	......
21	***2019***	***Our Company***	***~0.3***	***~0.3%***	***NON-IDM***

Source: Annual Reports, The CIC Report.

Notes:

(1) Originally founded overseas in 1993, Company A is a semiconductor and product integration company that was later acquired by Chinese Company. It is headquartered in China and listed on the Shanghai Stock Exchange (SSE).

(2) Founded in 1997, and headquartered in China, Company B is a prominent IDM for semiconductors in China. Company B is listed on SSE.

(3) Founded in 2006, and headquartered in China, Company C is a specialized manufacturer of semiconductor ICs and power devices. Company C is listed on Shenzhen Stock Exchange (SZSE).

(4) Founded in 2003, and headquartered in China, Company D is a comprehensive semiconductor company focusing on power devices and smart sensors. Company D is listed on SSE.

(5) Founded in 1959, and headquartered in China, Company E is a major provider of rail transit equipment and power devices. Company E is listed on SSE and Hong Kong Exchanges and Clearing Limited (HKEX).

(6) Founded in 2005, and headquartered in China, Company F is a leading designer and supplier of power semiconductor modules, particularly IGBTs. Company F is listed on SSE.

(7) Founded in 2000, and headquartered in China, Company G is a global frontrunner in the manufacturing of LED chips and compound semiconductors. Company G is listed on SSE.

(8) Company H is a private company. Founded in 1970, and headquartered in China, Company H is a long-established Chinese company specializing in discrete semiconductor components.

(9) Company I is a private company. Founded in 2018, and headquartered in China, Company I is a major global provider of integrated circuit packaging and testing services.

(10) Founded in 1965, and headquartered in China, Company J is a manufacturer focused on power devices and integrated circuits. Company J is listed on SSE.

Ranking of Chinese Non-IDM Power Device Suppliers

Ranking of Chinese Non-IDM Power Device Suppliers by Revenue 2024

Ranking	Year Founded	Company	2024 Power Device Revenue *(RMB billion)*	Market Share *(%)*	Business Model
1	2005	Company F	~3.4	~3.4%	NON-IDM
2	2013	Company K(1)	~1.7	~1.7%	NON-IDM
3	2006	Company L(2)	~1.3	~1.3%	NON-IDM
4	2008	Company M(3)	~0.9	~0.9%	NON-IDM
5	2014	Company N(4)	~0.6	~0.6%	NON-IDM
6	***2019***	***Our Company***	***~0.3***	***~0.3%***	***NON-IDM***

Source: Annual Reports, The CIC Report.

Notes:

(1) Founded in 2013, and headquartered in China, Company K is a prominent fabless company specializing in the design and sales of advanced power MOSFETs and IGBT products. Company K is listed on SSE.

(2) Founded in 2006, and headquartered in China, Company L is a specialized manufacturer of power devices, including IGBTs, FREDs, and power modules. Company L is listed on SSE.

(3) Founded in 2008, and headquartered in China, Company M is a innovative technology company focused on the R&D and design of high-performance power devices, particularly high-voltage super-junction MOSFETs. Company M is listed on SSE.

(4) Company N is a private company. Founded in 2014, and headquartered in China, Company N is a fabless semiconductor company dedicated to the design and development of power devices and analog chips.

(5) In the non-IDM ranking, fab-lite companies, which retain partial manufacturing capabilities, are often regarded as variants of the IDM model under broad industry classifications and are therefore excluded from this list, which covers only virtual IDM and fabless companies.

Ranking of Global MEMS Microphone IC Suppliers

Among global MEMS microphone IC design companies, the company ranked third in terms of shipment volume in 2024.

Ranking of Global MEMS Microphone IC Suppliers by Shipment Volume 2024

Ranking	Year Founded	Company	Country/ Region	2024 MEMS Microphone ICs Shipment *(billion tablets)*	Market Share *(%)*
1	1999	Company O(1)	Germany	~2.0–2.5	~31.7%
2	1946	Company P(2)	United States	~1.5–2.0	~24.5%
3	***2019***	***Our Company***	***China***	***~1.2***	***~16.8%***
4	1993	Company Q(3)	China	~0.7	~9.4%
5	2001	Company R(4)	China	~0.5	~7.2%

Source: The CIC Report.

Notes:

(1) Founded in 1999, and headquartered in Germany, Company O is a leading German semiconductor manufacturer. Company O is listed on Frankfurt Stock Exchange (FWB) and OTC Markets Group QX Market (OTCQX).

(2) Founded in 1946, and headquartered in United States, Company P is a global supplier of advanced micro-acoustic microphones, speakers, audio processing, and precision device solutions. Company P is listed on New York Stock Exchange (NYSE).

(3) Founded in 1993, and headquartered in China, Company Q is a leading intelligent device solutions provider specializing in acoustics, optics, haptics, sensors, and semiconductors, serving global top-tier customers. Company Q is listed on HKEX.

(4) Founded in 2001, and headquartered in China, Company R is a global technology company engaged in the research, manufacturing, and sales of precision components. Company R is listed on SZSE.

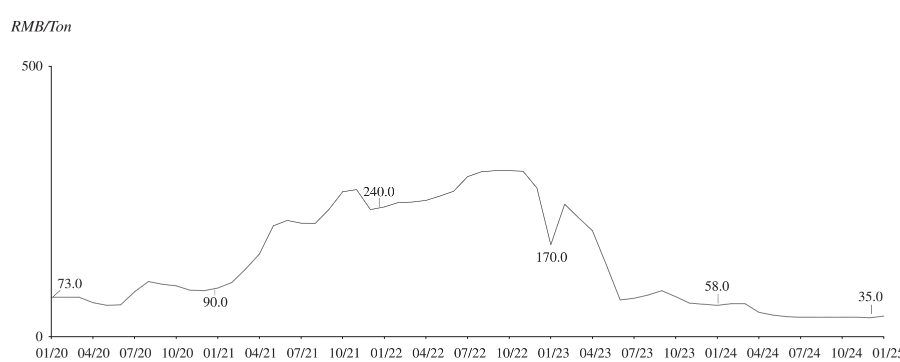
Entry Barriers of the Power Device and Audio IC Industry

The power device and the audio IC industry exhibit significant barriers to entry. Their core competitiveness is underpinned by advanced technical capabilities, accumulated manufacturing process know-how, high entry thresholds and stringent certification systems, robust product quality control, deep downstream application understanding, as well as a stable customer base and collaborative supply chain ecosystem.

Raw Material Price Analysis and Forecast

The manufacturing of power devices and analog chips involves multiple critical raw materials, with wafer materials being the core, including traditional Si as well as third-generation semiconductor materials such as SiC and GaN for high-performance applications. Driven by demand from the new energy industry, silicon prices experienced a short-term surge and remained high. However, with the gradual release of upstream production capacity and a more balanced market supply and demand, prices have steadily declined and currently entered a relatively stable range.

China's Silicon Material Prices, 2020–2024



Source: Wind, The CIC Report.

The market price of silicon carbide (97%) in Ningxia region is chosen as a representative indicator for Chinese silicon carbide prices, as Ningxia is one of the core production bases of the industry in China, featuring substantial production capacity and active spot trading. Its price level is therefore highly representative and serves as an important reference for the overall market. China's Ningxia SiC (97% spot price) experienced a sharp rise from 2020 to a peak of approximately RMB76,000 per ton in 2022, followed by a steady decline to around RMB38,000 per ton by 2024.

Market Price Analysis and Forecast for Power Devices

The average selling prices of discrete power semiconductors in China are projected to remain relatively stable around 1 RMB/Units between 2022 and 2029.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of power device and audio IC industry. We have agreed to pay a fee of RMB530,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into "Summary," "Business," "Financial Information," and elsewhere in this document to provide potential with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in power device and audio IC industry throughout the forecast period, including favorable policies and wider acceptance of different levels of autonomous driving features in vehicle; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

Our Directors, after making reasonable enquiries, confirm that there have been no adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

This section sets forth a summary of the most significant PRC laws, rules and regulations that affect our current business activities in the PRC. This summary does not purport to be a complete description of all the PRC laws, rules and regulations which are applicable to our business and operations in the PRC. Should note that the following summary is based on relevant laws and regulations in force as of the date of the Document, which may be subject to changes in line with the amendments to such laws and regulations.

POLICIES RELATED TO THE INTEGRATED CIRCUIT INDUSTRY

In July 2020, the State Council issued the Several Policies for Promoting High-Quality Development of the Integrated Circuit and Software Industries in the New Era (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》). To further optimize the development environment for integrated circuit and software industries, deepen international cooperation, and enhance innovation capabilities and development quality, the policies introduced a series of supportive measures covering taxation, investment and financing, R&D, import/export, talent development, intellectual property, market applications, and international collaboration.

In December 2020, the Ministry of Finance (the "**MOF**"), the State Taxation Administration (the "**SAT**"), the National Development and Reform Commission (the "**NDRC**"), and the Ministry of Industry and Information Technology (the "**MIIT**") jointly released the Announcement on Corporate Income Tax Policies to Promote High-Quality Development of the Integrated Circuit and Software Industries (《財政部、國家稅務總局、國家發展改革委、工業和信息化部關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》). Under these provisions, key state-encouraged integrated circuit design and software enterprises are exempt from corporate income tax for the first five years starting from the year they become profitable, followed by a reduced tax rate of 10% in subsequent years.

In March 2021, the National People's Congress (the "**NPC**") approved the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which outlined plans to cultivate advanced manufacturing clusters. The plan promotes innovation and development in industries such as integrated circuits, aerospace, shipbuilding and marine engineering equipment, robotics, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, pharmaceuticals, and medical equipment.

Also in March 2021, the MOF, the General Administration of Customs (the "**GAC**"), and the SAT jointly issued the Notice on Import Tax Policies to Support the Development of the Integrated Circuit and Software Industries (《財政部海關總署稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知》), eligible import activities under the policy are exempt from import tariffs, with the measure effective from July 27, 2020 to December 31, 2030.

In March 2021, Notice by the MOF, the NDRC, the MIIT and Other Departments of the Measures for the Administration of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (《財政部、國家發展改革委、工業和信息化部、海關總署、稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策管理辦法的通知》), the NDRC, in conjunction with the MIIT, MOF, GAC, and SAT, formulates and jointly publishes the lists of integrated circuit production enterprises, advanced packaging and testing enterprises, and key raw material and component production enterprises for the integrated circuit industry eligible for import tariff exemption, as well as the lists of nationally encouraged key integrated circuit design enterprises and software enterprises eligible for import tariff exemption.

In December 2021, the State Council issued the Notice of the State Council on Issuing the 14th Five-Year for the Development of the Digital Economy (《國務院關於印發「十四五」數字經濟發展規劃的通知》), emphasizing that during the 14th Five-Year period, efforts should be made to enhance innovation capabilities in key technologies. The plan calls for focusing on strategic and forward-looking fields such as sensors, quantum information, network communications, integrated circuits, critical software, big data, artificial intelligence, block-chain, and new materials. By leveraging PRC socialist institutional advantages, the new national mobilization system, and its massive market scale, the country aims to strengthen foundational R&D capabilities in digital technologies. The plan also highlights the need to address weaknesses in key technological gaps by optimizing and innovating organizational mechanisms like the "challenge-based competition" system. This includes concentrating efforts to make breakthroughs in core technologies related to high-end chips, operating systems, industrial software, core algorithms, and frameworks, as well as advancing integrated R&D in general-purpose processors, cloud computing systems, and key software technologies. Additionally, the plan stresses the importance of improving competitiveness in critical segments of the industrial chain and refining the supply chain systems for key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet.

LAWS AND REGULATIONS RELATED TO FOREIGN INVESTMENT

The establishment, operation, and governance of PRC business entities are regulated by the Company Law of the PRC (2023 Revision) 《中華人民共和國公司法(2023年修訂)》) (the "**Company Law**"), which was promulgated by the Standing Committee of the NPC (the "**SCNPC**") on December 29, 1993, and most recently amended on December 29, 2023, with the amendments taking effect on July 1, 2024. Limited liability companies and joint stock limited companies incorporated in the PRC are subject to the Company Law.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), promulgated by the NPC on March 15, 2019 and effective from January 1, 2020, establishes PRC pre-establishment national treatment with negative list management system for foreign investment. Pre-establishment national treatment means affording foreign investors and their investments treatment no less favorable than that accorded to domestic investors and their investments during the investment admission phase. The negative list refers to special administrative measures for foreign investment access in specific sectors prescribed by the state. Foreign investments outside the negative list receive national treatment.

The Special Administrative Measures for Foreign Investment Access (Negative List)(2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), jointly revised and issued by the NDRC and the Ministry of Commerce on (the "**MOFCOM**") September 6, 2024 and effective from November 1, 2024, replaces previous negative lists. It stipulates that domestic enterprises engaged in business areas prohibited by the Negative List must obtain approval from relevant state authorities before conducting overseas share issuance and listing; and foreign investors are prohibited from participating in such enterprises' operation and management, and their shareholding ratios shall comply with relevant regulations on the management of foreign investors' domestic securities investment.

According to the Measures for Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective from January 18, 2021, foreign investment that affects or may affect national security shall be subject to security review under these Measures. Foreign investors or the relevant parties in PRC shall proactively report any foreign investment within the following scope to the Office of the Working Mechanism before making the investment: (1) investment in the arms industry, an ancillary to the arms industry, or any other field related to national defense security and investment in an area surrounding a military installation or an arms industry facility; (2) investment in important agricultural products, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technology, or any other important field related to national security, resulting in the foreign investor's acquisition of actual control of the enterprise invested in.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020. Where foreign investors carry out investment activities directly or indirectly within the PRC, foreign investors or foreign-invested companies shall report investment information to commerce departments.

LAWS AND REGULATIONS ON CYBER AND DATA SECURITY

According to the National Security Law of the PRC (2015) (《中華人民共和國國家安全法(2015)》) promulgated by the SCNPC and effective from July 1, 2015. This law clearly defines national security tasks across many domains, including political security, territorial security, military security, cultural security and technological security.

Pursuant to the Cybersecurity Law of the PRC (2025 Amendment) (《中華人民共和國網路安全法(2025修正)》) promulgated by the SCNPC on November 7, 2016 and last amended on October 28, 2025 and effective from January 1, 2026, those which build or operate networks or provide services through networks shall take technical measures and other necessary measures in accordance with laws, administrative regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021, which became effective on September 1, 2021, PRC shall establish a data classification and grading protection system to provide classified and graded protection of data. In data processing, the laws and regulations shall be complied with, a sound data security management system throughout the whole process shall be established, data security education and training shall be organized and conducted, and corresponding technical measures and other necessary measures shall be adopted to ensure data security.

Pursuant to Measures on Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) jointly announced by the Cyberspace Administration of PRC and several regulatory authorities in PRC on April 13, 2020 and implemented since June 1, 2020, last amended on December 28, 2021 and implemented since February 15, 2022, critical information infrastructure operators who purchase network products and services and network platform operators who engage in data processing activities that affect or may affect national security are subject to cybersecurity review by the Cybersecurity Review Office. Network platform operators with personal information of more than one million users must file applications to the Cybersecurity Review Office for cybersecurity review before listing overseas. If the member units under the cybersecurity review working mechanism opine that any network products and services and data processing activities affect or potentially affect national security, the Cybersecurity Review Office has the duty to conduct a review in accordance with relevant requirements after reporting to the Central Cyberspace Affairs Commission for approval in compliance with the procedure.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the PRC (2020 Amendment) (《中華人民共和國專利法(2020修正)》) (the "**Patent Law**") promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and effective from June 1, 2021 and the Implementing Regulations of the Patent Law of the PRC (2023 Revision) (《中華人民共和國專利法實施細則(2023修訂)》) promulgated by the State Council on December 21, 1992, last amended on December 11, 2023 and effective from January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Trademark

According to the Trademark Law of the PRC (2019 Amendment) (《中華人民共和國商標法(2019修正)》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and effective from November 1, 2019 and the Regulations for the Implementation of the Trademark Law of the PRC (2014 Revision) (《中華人民共和國商標法實施條例(2014修訂)》) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are those that have been approved and registered by the trademark office. Trademark registrants shall enjoy the right to exclusive use of their trademarks and shall be protected by law. The period of validity of a registered trademark shall be 10 years, counted from the day the registration is approved.

Copyright

According to the Copyright Law of the PRC (2020 Amendment) (《中華人民共和國著作權法(2020修正)》) which was promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020 and came into effect on June 1, 2021, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, are entitled to copyright in accordance with the laws. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. The copyright holder can enjoy multiple personal rights and property rights, including the right of publication, the right of authorship and the right of modification.

According to the Computer Software Protection Regulations (2013 Revision) (《計算機軟件保護條例(2013修訂)》) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and effective from March 1, 2013, computer software refers to computer programs and their related documentation. PRC citizens, legal persons or other organizations enjoy copyright in the software they develop, regardless of whether it is published or not. The copyright in software arises from the date of completion of the software development. The term of protection for software copyright owned by legal persons or other organizations is 50 years, expiring on December 31 of the 50th year following the first publication of the software; however, software that remains unpublished for 50 years from the date of completion of its development shall no longer receive protection.

Integrated Circuit Layout Design

According to the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) (the "**Regulations**") promulgated by the State Council on April 2, 2001 and effective from October 1, 2001, and the Protection of Integrated Circuit Layout Designs Regulations Implementing Rules (《集成電路布圖設計保護條例實施細則》) promulgated by the NIPA on September 18, 2001 and effective from October 1, 2001, any layout-design created by a PRC natural person, legal person or other organization shall be eligible for the exclusive right of layout-design in accordance with the Regulations. The exclusive right of layout-design is acquired after its being registered with the intellectual property administration department of the State Council. Any unregistered layout-design shall not be protected under the Regulations. The term of protection of the exclusive right of layout-design shall be 10 years counted from the date of filing an application for registration or from the date on which it was first commercially exploited anywhere in the world, whichever expires earlier. However, no matter whether it has been registered or commercially exploited, a layout-design shall no longer be protected under the Regulations 15 years after the date of the completion of its creation.

Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, MIIT shall conduct supervision and administration of the domain name services nationwide. No organization or individual may obstruct the safe and stable operation of the Internet domain name system.

REGULATIONS RELATED TO HOUSE LEASING

According to the Law of the PRC on the Administration of the Urban Real Estate (2019 Amendment) (《中華人民共和國城市房地產管理法(2019修正)》), which was promulgated by the SCNPC on July 5, 1994, last amended on August 26, 2019, and effective from January 1, 2020, in the leasing of a house, the leaser and the leasee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the leasing with the department of housing administration for the record.

Furthermore, according to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective from February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

LAWS AND REGULATIONS RELATED TO PRODUCT QUALITY

According to the Product Quality Law of the PRC (2018 Amendment) (《中華人民共和國產品質量法(2018修正)》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the manufacturers and sellers shall establish and perfect their internal management of product quality, strictly implement quality criteria for various posts, specify quality liabilities, and make checks accordingly. It is prohibited to forge or falsely use product quality marks such as authentication marks. It is prohibited to forge the origin of products, to forge or falsely use other's factory name or address. It is prohibited to adulterate or falsify products during production or sale, to pass off as a genuine, or to pass a defective product off as a high quality one.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the producer or the seller of such product and shall have the right to request the producer and the seller to assume tortious liability, such as cessation of infringement, removal of obstruction, and elimination of danger.

LAWS AND REGULATIONS RELATED TO IMPORT AND EXPORT TRADE

According to the Customs Law of the PRC (2021 Amendment) (《中華人民共和國海關法(2021修正)》) promulgated by the SCNPC on January 22，1987 and last amended on April 29, 2021, unless otherwise provided for, the declaration of import or export goods and the payment of duties and taxes may be completed by the exporters or importers on their own, and such formalities may also be completed by their entrusted customs clearing agent. The importer or exporter of import or export goods, and the customs clearing agent shall be registered with the customs according to law to make the customs declarations.

According to the Foreign Trade Law of the PRC (2022 Amendment) (《中華人民共和國對外貿易法(2022修正)》) promulgated by the SCNPC on May 12, 1994 and last amended on December 30, 2022, and the Regulation of the PRC on the Administration of the Import and Export of Goods (2024 Revision) (《中華人民共和國貨物進出口管理條例(2024修訂)》) promulgated by the State Council on December 10, 2001, last amended on March 10, 2024, and effective from May 1, 2024, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods. The provision that foreign trade dealers engaged in import and export of goods or technologies shall register with the authority responsible for foreign trade under the State Council or its authorized bodies has been abolished.

According to the Export Control Law of the PRC (《中華人民共和國出口管制法》) (the "**Export Control Law**") promulgated by the SCNPC on October 17, 2020 and effective from December 1, 2020, the state exercises control on the export of dual-use items, military products, nuclear, and other goods, technologies and services related to safeguarding national security and interest or performing nonproliferation and other international obligations. The state export control authorities shall, in accordance with the provisions of the Export Control Law and other relevant laws and administrative regulations, as well as export control policies and prescribed procedures, formulate and revise the list of controlled items for export in conjunction with relevant departments, and publish the list in a timely manner. For the purposes of safeguarding national security and interest or performing nonproliferation and other international obligations, the state export control authorities may, upon the approval of the State Council or both the State Council and the Central Military Commission, impose temporary control on goods, technologies or services outside the control list, and make an announcement thereon.

According to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GAC on November 19, 2021 and effective from January 1, 2022, the importer or exporter of import or export goods, and the customs clearing agent only need to file with the customs, and no longer need to register with the GAC. The filing information will be publicized through the Credit Publicity Platform of Import and Export Business of Customs of the PRC.

According to the Notice by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on Matters Concerning the Registration of Consignors and Consignees of Import and Export Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued on January 3, 2023, entities applying for registration as consignors or consignees of import and export goods must obtain market entity qualification but are no longer required to obtain foreign trade operator registration.

LAWS AND REGULATIONS RELATED TO LABOUR AND SOCIAL SECURITY

Labour Law and Labour Contract Law

According to the Labour Law of the PRC (2018 Amendment) (《中華人民共和國勞動法(2018修正)》), which was last amended by the SCNPC on December 29, 2018, and the Labour Contract Law of the PRC (2012 Amendment) (《中華人民共和國勞動合同法(2012修正)》) (the "**Labour Contract Law**"), which was last amended by the SCNPC on December 28，2012 and effective from July 1, 2013, and the Regulation on the Implementation of the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例)》) which was issued by the State Council on September 18, 2008 and implemented since the same date, a labour contract shall be concluded where a labour relationship is to be established. The employing units shall establish and perfect the labour rules and regulations in accordance with the law so as to ensure that labourers enjoy the right to work and fulfill labour obligations. Employers shall truthfully inform the employees of the work duties, working conditions, occupational hazards, labor remuneration and any other information that employees request to know. Employers shall pay labor remuneration to the employees in full and in a timely manner in accordance with the provisions of the employment contracts and relevant laws and regulations, and the wages of the employees may not be lower than the local standards on minimum wages.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC(2018 Amendment) (《中華人民共和國社會保險法(2018修正)》), which was last amended and implemented by the SCNPC on December 29, 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (2019 Revision) (《社會保險費徵繳暫行條例(2019修訂)》), which was last amended and implemented by the State

Council on March 24, 2019, a social insurance system consisting of a basic old-age insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance has been established. Contributing entities shall register for social insurance with the local social insurance agency and participate in social insurance. Contributing entities and contributing individuals shall pay social insurance premiums on time and in full. Where an enterprise fails to pay social insurance premiums, the collection agency of the social insurance premiums has the power to order the breaching enterprise to pay or make up the amount within a prescribed time limit, and those that fail to pay within the time limit will be subject to administrative penalties such as fines.

According to the Regulations on Management of Housing Provident Fund (2019 Revision) (《住房公積金管理條例(2019修訂)》), which was last amended and implemented by the State Council on March 24, 2019, a unit shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and go through the formalities of opening housing provident fund accounts on behalf of its staff. A unit shall pay and deposit housing provident funds on schedule and in full and shall not make late or partial payments.

The Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into force on September 1, 2025, affirms the mandatory nature of social insurance provisions. Under this Interpretation, if an employer and an employee agree, or if an employee undertakes, that social insurance contributions need not be paid, the people's court shall deem such agreement or undertaking void. Furthermore, the relevant employee has the right to terminate the labor contract and claim economic compensation from the employer pursuant to the Labor Contract Law.

LAWS AND REGULATIONS RELATED TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國企業所得稅法(2018修正)》) (the "**EIT Law**") which was latest amended by the SCNPC and implemented on December 29, 2018, and implemented on December 29, 2018, and the Regulation on the Implementation Regulations for the Enterprise Income Tax Law of the PRC (2024 Revision) (《中華人民共和國企業所得稅法實施條例(2024修訂)》) (the "**Implementation Regulations of the EIT Law**") promulgated by the State Council on December 6, 2007, and was last amended on December 6, 2024 and became effective on January 20, 2025, a uniform enterprise income tax of 25% is levied on foreign-invested enterprises and domestic enterprises. However, where a non-resident enterprise has not set up any institutions or establishments in PRC, or it has done so but the income it earns is not actually relevant to the said institutions or establishments, it shall pay tax on the portion of its income generated from inside PRC at a rate of 10%.

In accordance with the EIT Law, high and new technology enterprises (the "**HNTE**") benefit from a reduced EIT rate of 15%. As stipulated in the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated on April 14, 2008, and last amended on January 29, 2016, an HNTE certificate is valid for 3 years and may be renewed upon successful inspection and approval by the SAT and other relevant authorities.

Value-Added Tax

On December 25, 2024, the SCNPC issued the VAT Law of the PRC (《中華人民共和國增值稅法》) (the "**VAT Law**"), which came into effect on January 1, 2026. Under the VAT Law, entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, or import goods within the territory of PRC are taxpayers of VAT, and shall pay VAT in accordance with this Law. Unless otherwise provided, the rate for the taxpayers' sale of goods, processing, repair and replacement services, leasing services of tangible movable and the import of goods is 13%, and may be 9%, 6%, or 0% under certain specific circumstances.

Dividend Distribution

Pursuant to the EIT Law and the Implementation Regulations of the EIT Law, dividends (sourced from a PRC resident enterprise) received by non-PRC resident investors who do not have an establishment or place of business in the PRC, or who have an establishment or place of business but whose income is not effectively connected therewith, are generally subject to an EIT rate of 10%. However, if the jurisdictions where these non-PRC resident investors reside have signed tax treaties with the PRC, the preferential provisions in such tax treaties may apply.

Pursuant to the Arrangement between the Mainland of PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural persons and legal entity), but the tax so charged shall not exceed 10% of the total amount of such dividends. If a Hong Kong resident directly holds 25% or more of the equity of the PRC company and is the beneficial owner of the dividends and satisfies other conditions, the relevant tax shall not exceed 5% of the total amount of such dividends. The Fifth Protocol of the Arrangement between the Mainland of PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), promulgated by the SAT and effective from December 6, 2019, stipulates that these provisions shall not apply to arrangements or transactions made with the primary purpose of obtaining tax benefits.

In accordance with applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise shareholders of H-shares. Non-PRC resident enterprises entitled to tax relief under applicable income tax treaties will need to apply to the PRC tax authorities for a refund of the portion of withheld tax exceeding the applicable treaty rate, and such tax refund is subject to verification by the PRC tax authorities.

FOREIGN EXCHANGE-RELATED LAWS AND REGULATIONS

According to the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), issued on June 9, 2016, and was amended on December 4, 2023, it has been clarified that capital account foreign exchange income subject to voluntary settlement (including foreign exchange capital funds, foreign debt funds, and the recalling of raised capital by overseas listings) may be settled at banks based on the actual business needs of the domestic institution. Where existing laws and regulations impose restrictive provisions on the settlement of capital account foreign exchange income by domestic institutions, such provisions shall prevail.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, under the premise of ensuring the authenticity and compliance of fund usage and in accordance with the current regulations on the use of capital account income, eligible enterprises are allowed to use capital funds, foreign debts, and overseas listing proceeds for domestic payments without the need to submit supporting documents verifying authenticity to the bank on a transaction-by transaction basis in advance.

According to the Notice by the SAFE of Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), issued by the SAFE on December 4, 2023, foreign exchange funds from the overseas listing of a domestic enterprise may be directly remitted to the settlement account under the capital account. Funds in the settlement account under the capital account may be used through independent foreign exchange settlement.

According to the Guidelines on Foreign Exchange Business for Capital Items (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to PRC in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the People's Bank of PRC and the SAFE on Issues Concerning the Administration of Funds of Domestic Enterprises Listed Overseas (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which is issued on December 24, 2025 and will be effective on April 1, 2026, domestic enterprises listed overseas shall apply for overseas listing registration within 30 working days from the first trading day of their overseas listing or upon the completion of the over-allotment. In principle, the funds raised by domestic enterprises through overseas listing shall be repatriated to the PRC in a timely manner.

LAWS AND REGULATIONS ON EQUITY INCENTIVE PLANS

Notice of the SAFE on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), promulgated by the SAFE in February 15, 2012, employees, directors and other senior management personnel who are PRC citizens or non-PRC citizens who have resided in the PRC for no less than 1 year consecutively and who participate in any equity incentive plan of an overseas listed company shall, subject to certain exceptions, register with the SAFE through a domestic agent. In addition, an offshore trustee must be engaged to handle matters related to the exercise or sale of stock options and the purchase or sale of shares and equity interests. Foreign exchange proceeds from the sale of shares by PRC residents under an equity incentive plan and dividends distributed by the overseas listed company must be remitted to a bank account opened in the PRC by a domestic institution before being distributed to the PRC residents.

LAWS AND REGULATIONS RELATED TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC ENTERPRISE

Securities Laws and Regulations

The Securities Law of the PRC (2019 revision) (《中華人民共和國證券法(2019年修訂)》) (the "**Securities Law**"), as most recently amended by the SCNPC on December 28, 2019 and effective from March 1, 2020, comprehensively regulates securities market activities within the territory of PRC. These include the issuance and trading of securities, acquisition of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities registration and settlement institutions, securities service providers, securities associations, and securities regulatory authorities. Domestic enterprises conducting direct or indirect offerings of securities overseas or seeking overseas listings of their securities shall comply with relevant regulations of the State Council. Where shares of domestic companies are subscribed for and traded in foreign currencies, specific measures shall be separately formulated by the State Council. The PRC Securities Regulatory Commission (the "**CSRC**") is the securities regulatory authority established by the State Council, responsible for supervising and regulating the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market.

Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**"), along with related guidelines, which came into effect on March 31, 2023, domestic enterprise directly or indirectly offering shares or listing overseas shall file for record with the CSRC within 3 working days after the application documents for offering and listing are submitted overseas. No overseas offering and listing shall be conducted under any of the following circumstances: Financing through listing is expressly prohibited by laws, administrative regulations or relevant rules of the state; The overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the laws; A domestic enterprise or its controlling shareholder or de facto controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the economic order of the socialist market in the last 3 years; A domestic enterprise is under formal investigation according to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made; There is a major dispute over ownership of the share held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the de facto controller.

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Strengthening the Confidentiality and Archives Administration**"), jointly issued by the CSRC and other relevant authorities on February 24, 2023 and effective from March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of the Provisions on Strengthening the Confidentiality and Archives Administration, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

OVERVIEW

The history of our Group could track back to August 26, 2019 when our Company was incorporated in the PRC with limited liability under the name Alkaidsemi Technologies (Shanghai) Co., Ltd.* (瑤芯微電子科技(上海)有限公司). On December 5, 2024, our Company was converted into a joint stock company with limited liability, and was renamed as Alkaidsemi (Shanghai) Technologies Corporation* (瑤芯微(上海)電子科技股份有限公司).

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following sets forth our Group's key corporate and business development milestones:

Year	**Milestone**
2019	We were established in the PRC as a limited liability company
2020	Our MEMS chip successfully entered the supply chain of a global leading mobile phone company
	We launched our business related to power devices
2021	We began developing power devices targeting automotive and renewable energy areas
2022	We have started selling products to a global leading automotive battery company, and through this company, our products are used in a global leading EV company
2024	Our SiC MOSFET, IGBT, and Si MOSFET products are used in various applications in the automotive area
	We have started selling products to server power supply customers
2025	We have entered the supply chain of a global leading automotive parts and components company
	We have received a "Supplier Commendation Letter" from a global leading automotive battery customer, which highly recognizes the quality of our products

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Establishment of our Company

Our predecessor company, Alkaidsemi Technologies (Shanghai) Co., Ltd.* (瑤芯微電子科技(上海)有限公司), was established under the laws of the PRC as a limited liability company on August 26, 2019 with an initial registered capital of RMB3.00 million. As of the date of establishment, our Company was owned as to (i) 95.00% by Shanghai Ruishixin Information Technology Partnership (Limited Partnership)* (上海睿氏芯信息技術合夥企業(有限合夥)) "Ruishixin"; and (ii) 5.00% by Mr. Lu Yi (陸毅), the initial executive director and manager of the Company.

Ruishixin is a limited partnership established in the PRC and is an employee shareholding platform of the Group. The general partner of Ruishixin was Mr. Lu Yi, the initial executive director and manager of the Company, from the date of the Company's establishment until February 2020, Mr. Wang Qingsong (王青松) from February 2020 to November 2021, and Dr. Guo since November 2021. For further information about the partners of Ruishixin as of the Latest Practicable Date, see "— Corporate Structure — (1) Corporate Structure Immediately Before Completion of the **[REDACTED]**" below.

(2) Equity Transfer in January 2020

On December 16, 2019, Mr. Lu Yi and Mr. Wang Qingsong entered into an equity transfer agreement pursuant to which Mr. Lu Yi transferred 5.00% equity interests in our Company to Mr. Wang Qingsong at a total consideration of RMB15,000.

(3) Angel Round Financing

In October 2019, our Company, Ruishixin, Mr. Lu Yi and Shaanxi Xiandao Optoelectronic Integration Technology Investment Partnership (Limited Partnership)* (陝西先導光電集成科技投資合夥企業(有限合夥)) ("**Shaanxi Xiandao**" or "**Angel Round Investor**") entered into a capital increase agreement, pursuant to which Shaanxi Xiandao agreed to subscribe RMB461,537 registered capital at a consideration of RMB10 million (the "**Angel Round Financing**"). The consideration of the Angel Round Financing was determined with reference to arm's length negotiation between the parties and was fully settled on December 9, 2019.

(4) Series A Financing

In July 2020, our Company, Ruishixin, Dr. Guo, Mr. Li Weigang, Mr. Wang Qingsong (together, the "**Group Entities and Individuals**") and Karamay Yunze Fenghui Venture Capital Management Partnership (Limited Partnership)* (克拉瑪依雲澤豐惠創業投資管理合夥企業(有限合夥)) (formerly known as Karamay Yunze Fenghui Equity Investment Limited Partnership* (克拉瑪依雲澤豐惠股權投資有限合夥企業)) ("**Yunze Venture**") entered into a capital increase agreement, pursuant to which Yunze Venture agreed to subscribe RMB138,462 registered capital at a consideration of RMB10 million. In November 2020, the Group Entities and Individuals, the Angel Round Investor, Yunze Venture and Shanghai Zhangjiang Technology Venture Capital Co., Ltd.* (上海張江科技創業投資有限公司) ("**Zhangjiang Venture**", together with Yunze Venture, the "**Series A Investors**") entered into a capital increase agreement, pursuant to which Zhangjiang Venture agreed to subscribe RMB110,769 registered capital at a consideration of RMB8 million (the above subscriptions together, the "**Series A Financing**"). The consideration of the Series A Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of January 8, 2021.

(5) Series B Financing

In February 2021, our Group Entities and Individuals, the Angel Round Investor and the Series A Investors entered into a capital increase agreement with Everest No.39 (Shenzhen) Venture Capital Center (Limited Partnership)* (朗瑪三十九號(深圳)創業投資中心(有限合夥)) ("**Everest No.39**"), pursuant to which Everest No.39 agreed to subscribe RMB236,858 registered capital for a consideration of RMB30 million. In March 2021, our Group Entities and Individuals, the Angel Round Investor, the Series A Investors and Everest No.39 entered into a capital increase agreements with Xi'an Gaoxin Yingchuang Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (西安高新盈創智造股權投資基金合夥企業(有限合夥)) ("**Xi'an Yingchuang**", together with Everest No.39, the "**Series B Investors**"), pursuant to which Xi'an Yingchuang agreed to subscribe RMB78,952 registered capital for a consideration of RMB10 million (the above subscriptions together, the "**Series B Financing**"). The consideration of the Series B Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of May 12, 2021.

(6) Series B+ Financing

In May 2021, our Group Entities and Individuals, the Angel Round Investor, the Series A Investors and the Series B Investors entered into a capital increase agreement with Jingjiang BAIC Huada Automobile Industry M&A Fund (Limited Partnership)* (靖江北汽華達汽車產業併購基金(有限合夥)) ("**BAIC Huada Venture**"), pursuant to which BAIC Huada Venture agreed to subscribe RMB134,219 registered capital for a consideration of RMB20 million. In August 2021, our Group Entities and Individuals, the Angel Round Investor, the Series A Investors, the Series B Investors and BAIC Huada Venture entered into a capital increase agreement with Nantong Damei Zhongxin Venture Capital Partnership (Limited Partnership)* (南通大美眾芯創業投資合夥企業(有限合夥)) ("**Nantong Damei**", together with BAIC Huada Venture, the "**Series B+ Investors**"), pursuant to which Nantong Damei agreed to subscribe RMB201,329 registered capital for a consideration of RMB30 million (the above subscriptions together, the "**Series B+ Financing**"). The consideration of the Series B+ Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of October 22, 2021.

(7) Equity Transfer in August 2022

In August 2022, Xi'an Yingchuang and Nanjing Damei No.5 Venture Capital Partnership (Limited Partnership)* (南京大美伍號創業投資合夥企業(有限合夥)) ("**Nanjing Damei**") entered into an equity transfer agreement, pursuant to which Xi'an Yingchuang transferred its approximately 0.92% equity interests in our Company to Nanjing Damei at a total consideration of RMB20 million. The consideration was fully settled as of October 18, 2022.

(8) Series C Financing

In July 2022, our Group Entities and Individuals, Shaanxi Xiandao, Series A Investors, Series B Investors, Series B+ Investors, Qingdao Cowin Zhichuang Venture Capital Center (Limited Partnership)* (青島同創致創創業投資中心(有限合夥)) ("**Qingdao Cowin**") and Wuxi Cowin Zhixin Venture Capital Partnership (Limited Partnership)* (無錫同創致芯創業投資合夥企業(有限合夥)) ("**Wuxi Cowin**") entered into a capital increase agreement, pursuant to which Qingdao Cowin and Wuxi Cowin agreed to subscribe RMB124,632 and RMB41,544 registered capital at a consideration of RMB60 million and RMB20 million, respectively, which was determined with reference to arm's length negotiation between the parties.

In September 2022, our Group Entities and Individuals, Shaanxi Xiandao, Series A Investors, Series B Investors, Series B+ Investors, Nanjing Damei, Qingdao Cowin and Wuxi Cowin entered into a capital increase agreement with several investors (as listed in the shareholding structure table below, together with Qingdao Cowin and Wuxi Cowin, the "**Series C Investors**"), pursuant to which such investors agreed to subscribe an aggregate of RMB338,584 registered capital at a total consideration of RMB163 million (together with the above subscriptions by Qingdao Cowin and Wuxi Cowin, the "**Series C Financing**"), which was determined with reference to arm's length negotiation between the parties. The consideration of the Series C Financing was fully settled as of December 21, 2022.

The shareholding of our Company immediately following the completion of the Series C Financing was as follows:

Shareholders	**Registered capital** *(RMB)*	**Approximate equity interest** *(%)*
Ruishixin	2,850,000	58.56
Shaanxi Xiandao	461,537	9.48
Everest No.39	236,858	4.87
Nantong Damei	201,329	4.14
Mr. Wang Qingsong	150,000	3.08
Yunze Venture	138,462	2.85
BAIC Huada Venture	134,219	2.76
Qingdao Cowin	124,632	2.56
Zhangjiang Venture	110,769	2.28
Yangtze River Delta Industrial Innovation Phase II (Shanghai) Private Equity Investment Fund Partnership (Limited Partnership)* (長三角產業創新二期(上海)私募投資基金合夥企業(有限合夥)) ("**Shengshi Capital**")	103,860	2.13
Maanshan Jishi Jinghua Equity Investment Partnership (Limited Partnership)* (馬鞍山基石景華股權投資合夥企業(有限合夥)) ("**Jishi Capital**")	89,320	1.84
Wuxi Cowin	41,544	0.85

Shareholders	Registered capital *(RMB)*	Approximate equity interest *(%)*
Guangdong Midea Intelligent Technology Industry Investment Fund Management Center (Limited Partnership)* (廣東美的智能科技產業投資基金管理中心(有限合夥)) ("**Midea Capital**")	41,544	0.85
Shanghai Zhangjiang Suifeng Innovation Equity Investment Fund Partnership (Limited Partnership)* (上海張江燧鋒創新股權投資基金合夥企業(有限合夥)) ("**Zhangjiang Suifeng**")	41,544	0.85
Nanjing Damei	41,543	0.85
Shaanxi Chuanfa Chuangxing Photonics Venture Capital Partnership (Limited Partnership)* (陝西川發創星光子創業投資合夥企業(有限合夥)) ("**Chuanfa Chuangxing**")	40,298	0.83
Xi'an Yingchuang	37,409	0.77
Everest No.58 (Shenzhen) Venture Capital Center (Limited Partnership)* (朗瑪五十八號(深圳)創業投資中心(有限合夥)) ("**Everest No. 58**")	20,772	0.43
Yangling Zhongke Chuangxing Management Consulting Partnership (Limited Partnership)* (楊淩忠科創星管理諮詢合夥企業(有限合夥)) ("**Yangling Zhongke Chuangxing**")	1,246	0.03
Total	**4,866,886**	**100.00**

(9) Equity Transfer in December 2022

In December 2022, our Group Entities and Individuals, Xi'an Yingchuang and Zibo Kaifeng Equity Investment Partnership (Limited Partnership)* (淄博凱峰股權投資合夥企業(有限合夥)) ("**Yingfeng Fund**") entered into an equity transfer agreement, pursuant to which Xi'an Yingchuang agreed to transfer its approximately 0.77% equity interests in our Company to Yingfeng Fund at a total consideration of RMB15 million. The consideration was fully settled as of February 23, 2023.

In December 2022, our Company, Dr. Guo, Mr. Li Weigang, Mr. Wang Qingsong, Jichuang Tianchen (Jinan) Venture Capital Partnership (Limited Partnership)* (集創天辰(濟南)創業投資合夥企業(有限合夥)) ("**Jichuang Venture**") and Gongqingcheng Yuanqi Venture Capital Partnership (Limited Partnership)* (共青城源啟創業投資合夥企業(有限合夥)) ("**Gongqingcheng Yuanqi**") entered into an equity transfer agreement, pursuant to which Mr. Wang Qingsong agreed to transfer his approximately 1.19% and 0.71% equity interests in our Company to Jichuang Venture and Gongqingcheng Yuanqi at a consideration of RMB25 million and RMB15 million, respectively. The consideration was fully settled as of February 21, 2023.

(10) Capital Increase in January 2023

Pursuant to the shareholder's resolution dated January 11, 2023, the registered capital of our Company was increased from approximately RMB4.87 million to RMB15 million. The additional registered capital of approximately RMB10.13 million was converted from our Company's capital reserve and the percentage of equity interest of each shareholder in the Company remained the same.

(11) Equity Transfer in May 2023

In May 2023, our Company, Shaanxi Xiandao and Tianjin Chuangxing No.1 Hard Technology Venture Capital Partnership (Limited Partnership)* (天津創星壹號硬科技創業投資合夥企業(有限合夥)) ("**Chuangxing No.1**") entered into an equity transfer agreement, pursuant to which Shaanxi Xiandao agreed to transfer its 1.92% equity interest in our Company to Chuangxing No.1 at a consideration of approximately RMB44.99 million. The consideration was fully settled as of August 30, 2023.

(12) Series C+ Financing

In May 2023, our Group Entities and Individuals, the Angel Round Investor, Series A Investors, Series B Investors, Series B+ Investors, Series C Investors, Yibin Lvneng Equity Investment Partnership (Limited Partnership)* (宜賓綠能股權投資合夥企業(有限合夥)) ("**Yibin Lvneng**"), Gongqingcheng Haiyao Venture Capital Partnership (Limited Partnership)* (共青城海瑤創業投資合夥企業(有限合夥)) ("**Gongqingcheng Haiyao**") and Ningbo Meishan Bonded Port Area Thriving Capital Partnership (Limited Partnership)* (寧波梅山保税港區超興創業投資合夥企業(有限合夥)) ("**Thriving Capital**", together with Yinbin Green Energy and Gongqingcheng Haiyao, the "**Series C+ Investors**") entered into a capital increase agreement, pursuant to which Yibin Lvneng, Gongqingcheng Haiyao and Thriving Capital agreed to subscribe a total of RMB410,959 registered capital for an aggregate consideration of RMB80 million (the "**Series C+ Financing**"). The consideration of the Series C+ Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of July 11, 2023.

(13) Equity Transfer in September 2023

In September 2023, our Company, Yunze Venture, Nantong Damei and Shanghai Xinlian Enterprise Management Partnership (Limited Partnership)* (上海芯璉企業管理合夥企業(有限合夥)) ("**Shanghai Xinlian**") entered into an equity transfer agreement, pursuant to which Yunze Venture and Nantong Damei agreed to transfer 1.4% and 0.6% equity interests in our Company to Shanghai Xinlian at a consideration of RMB42 million and RMB18 million, respectively. The considerations was fully settled on November 9, 2023.

In September 2023, our Company, Shaanxi Xiandao and Suzhou Chuangxing Yaoying Venture Capital Partnership (Limited Partnership)* (蘇州創星瑤瑛創業投資合夥企業(有限合夥)) ("**Chuangxing Yaoying**") entered into an equity transfer agreement, pursuant to which Shaanxi Xiandao transferred its approximately 3.74% equity interest in our Company to Chuangxing Yaoying at a consideration of RMB90 million. The consideration was fully settled on November 22, 2023.

(14) Series C++ Financing

In September 2023, our Group Entities and Individuals, Shaanxi Xiandao, Series A Investors, Series B Investors, Series B+ Investors, Series C Investors, Series C+ Investors, Anhui Hongxinli Equity Investment Partnership (Limited Partnership)* (安徽鴻信利股權投資合夥企業(有限合夥)) ("**Anhui Hongxinli**"), Hainan Dekai Technology Partnership (Limited Partnership)* (海南德凱科技合夥企業(有限合夥)) ("**Dekai Technology**"), Henan Shangqi Huirong Shangcheng No.1 Industrial Fund Partnership (Limited Partnership)* (河南尚頎匯融尚成一號產業基金合夥企業(有限合夥)) ("**Henan Shangqi**"), Xinchang Touyan Venture Capital Partnership (Limited Partnership)* (新昌頭雁創業投資合夥企業(有限合夥)) ("**Xinchang Touyan**"), Xinchang Yujun Shangxing Venture Capital Partnership (Limited Partnership)* (新昌鈺俊尚行創業投資合夥企業(有限合夥)) ("**Xinchang Yujun**") and Wanxiang 123 Co., Ltd.* (萬向一二三股份公司) ("**Wanxiang 123**", together with Anhui Hongxinli, Dekai Technology, Henan Shangqi, Xinchang Touyan, Xinchang Yujun and Wangxiang 123, the "**Series C++ Investors**") entered into a registered capital increase agreement, pursuant to which the newly investors agreed to subscribe an aggregate of RMB873,288 at a total consideration of RMB187 million (the "**Series C++ Financing**"). The consideration of the Series C++ Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of November 6, 2023.

(15) Equity Transfer in November 2023

In November 2023, our Company, BAIC Huada Venture, Gongqingcheng Haiyao No.2 Venture Capital Partnership (Limited Partnership)* (共青城海瑤貳號創業投資合夥企業(有限合夥)) ("**Gongqingcheng Haiyao No.2**"), Mr. Wang Qingsong, Dr. Guo, Mr. Li Weigang entered into an equity transfer agreement, pursuant to which BAIC Huada Venture agreed to transfer its equity interest of approximately 0.63% in our Company to Gongqingcheng Haiyao No.2 at a consideration of RMB20 million. The consideration was fully settled as of December 25, 2023.

In November 2023, our Company, Mr. Wang Qingsong, Dr. Guo, Mr. Li Weigang, Nantong Damei, Jiaxing Junyang Equity Investment Partnership (Limited Partnership)* (嘉興君陽股權投資合夥企業(有限合夥)) ("**Jiaxing Junyang**"), Yibin Lvneng, Thriving Capital, Everest No.74 (Shenzhen) Venture Capital Center (Limited Partnership)* (朗瑪七十四號(深圳)創業投資中心(有限合夥)) ("**Everest No.74**"), and Wuxi Cowin entered into an equity transfer agreement, pursuant to which Nantong Damei agreed to transfer its equity interest of approximately 1.01% in our Company to the transferees listed below. The details of the transfers are set out as follows:

Transferor	**Transferees**	**Registered capital transferred** *(RMB)*	**Consideration** *(RMB)*
Nantong Damei	Jiaxing Junyang	51,370	10,000,000
	Yibin Lvneng	46,233	9,000,000
	Thriving Capital	5,137	1,000,000
	Everest No.74	35,959	7,000,000
	Wuxi Cowin	25,685	5,000,000

(16) Equity Transfer in March 2024 and April 2024

In March 2024, our Company, Shaanxi Xiandao, Wuxi Chuangxing No.10 Management Consulting Partnership (Limited Partnership)* (無錫創星拾號管理諮詢合夥企業(有限合夥)) ("**Chuangxing No.10**"), Ruishixin, Mr. Wang Qingsong, Dr. Guo, Mr. Li Weigang entered into an equity transfer agreement, pursuant to which Shaanxi Xiandao agreed to transfer its equity interest of approximately 3.43% in our Company to Chuangxing No.10 at a consideration of RMB95.64 million. The consideration was fully settled as of October 12, 2024.

In April 2024, Ruishixin entered into an equity transfer agreement with Everest No. 84 (Shenzhen) Private Equity Venture Capital Fund Partnership (Limited Partnership)* (朗瑪八十四號(深圳)私募創業投資基金合夥企業(有限合夥)) ("**Everest No. 84**"), Nanjing Wangyue Kewang Venture Capital Partnership (Limited Partnership)* (南京王越科王創業投資合夥企業(有限合夥)) ("**Nanjing Wangyuekewang**"), and Ms. Shang Yunsi (尚韻思), pursuant to which Ruishixin agreed to transfer its approximately 1.27%, 0.38%, and 0.13% equity interests in our Company to Everest No. 84, Nanjing Wangyuekewang, and Ms. Shang Yunsi at a consideration of RMB5.0 million, RMB1.5 million and RMB0.5 million, respectively. The considerations were fully settled on May 23, 2024.

(17) Series D Financing

In April 2024, our Group Entities and Individuals, Shaanxi Xiandao, Series A Investors, Series B Investors, Series B+ Investors, Series C Investors, Series C+ Investors, Series C++ Investors, Chuangxing No.10, Everest No.79 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership)* (朗瑪七十九號(深圳)私募創業投資基金合夥企業(有限合夥)) ("**Everest No.79**"), Everest No.80 (Shenzhen) Venture Capital Center (Limited Partnership)* (朗瑪八十號(深圳)創業投資中心(有限合夥)) ("**Everest No.80**"), Everest No.81 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership)* (朗瑪八十一(深圳)私募創業投資基金合夥企業(有限合夥)) ("**Everest No.81**"), Everest No.82 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership)* (朗瑪八十二號(深圳)私募創業投資基金合夥企業(有限合夥)) ("**Everest No.82**") and Everest No.83 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership)* (朗瑪八十三號(深圳)私募創業投資基金合夥企業(有限合夥)) ("**Everest No.83**") entered into a registered capital increase agreement, pursuant to which Everest No.79, Everest No.80, Everest No.81, Everest No.82 and Everest No.83 agreed to subscribe an aggregate of RMB568,055 at a total consideration of RMB150 million (the "**Series D Financing**"). The consideration of the Series D Financing was determined with reference to arm's length negotiation between the parties and was fully settled as of April 9, 2024.

(18) Conversion into a joint-stock company

On December 5, 2024, our predecessor company was converted from a limited liability company to a joint stock limited liability company under the name of Alkaidsemi (Shanghai) Technologies Corporation* (瑤芯微(上海)電子科技股份有限公司) with the registered capital of RMB16,852,302.00.

(19) Equity transfer in June 2025 and September 2025

In June 2025, Shanghai Xinlian and Shanghai Xinlian Qichen Private Equity Investment Fund Partnership (Limited Partnership)* (上海芯聯啟辰私募投資基金合夥企業(有限合夥)) ("**Shanghai Xinlian Qichen**") entered into an equity transfer agreement, pursuant to which Shanghai Xinlian agreed to transfer its 308,219 Shares to Shanghai Xinlian Qichen at a consideration of RMB60 million. The consideration was fully settled as of July 8, 2025.

In September 2025, Everest No.39 and Ms. Wang Yemei (王葉梅) entered into an equity transfer agreement, pursuant to which Everest No.39 agreed to transfer its approximately 0.49% equity interest in our Company to Ms. Wang Yemei at a consideration of RMB20 million. The consideration was fully settled as of September 10, 2025.

(20) Series D+ Financing

In August 2025, Shanghai Lumi Tracing Julian Hard Technology Venture Capital Partnership (Limited Partnership)* (上海追光聚鏈硬科技創業投資合夥企業(有限合夥)) ("**Shanghai Lumi Tracing**") and all 44 of our shareholders entered into a capital increase agreement, pursuant to which Shanghai Lumi Tracing agreed to subscribe 189,352 Shares of our Company at a total consideration of RMB50 million (the "**Series D+ Financing**"). The consideration was determined with reference to arm's length negotiation between the parties and was fully settled as of September 9, 2025.

(21) Share Subdivision

We expect to conduct the Share Subdivision immediately prior to the **[REDACTED]**, pursuant to which each of our Share with par value of RMB1.00 will be subdivided into ten Shares with par value of RMB0.10 each. Upon completion of such Share Subdivision, the registered capital of our Company, which was RMB17,041,654 as of the date of this Document, will be divided into 170,416,540 Shares with par value of RMB0.10 per Share, which will be subscribed by all our then Shareholders in proportion to their respective equity interests in our Company immediately before the **[REDACTED]**, and the number of our issued Shares will be 170,416,540, without taking into consideration the new Shares to be issued for the **[REDACTED]**.

PRE-[REDACTED] INVESTMENTS

Overview

We underwent the following rounds of Pre-**[REDACTED]** investments, details of which are set forth below:

	Angel Round	Series A	Series B	Series B+	Series C	Series C+	Series C++	Series D	Series D+
Amount of consideration paid	RMB10 million	RMB18 million	RMB40 million	RMB50 million	RMB243 million	RMB80 million	RMB187 million	RMB150 million	RMB50 million
Date of investment agreement	October 2019	July 2020 and November 2020	February 2021 and March 2021	May 2021 and August 2021	July 2022 and September 2022	May 2023	September 2023	April 2024	August 2025
Date of full settlement of consideration	December 9, 2019	January 8, 2021	May 12, 2021	October 22, 2021	December 21, 2022	July 11, 2023	November 6, 2023	April 9, 2024	September 9, 2025
Pre-money valuation[1]	RMB65 million	RMB250 million	RMB470 million	RMB600 million	RMB2.1 billion	RMB2.9 billion	RMB3.3 billion	RMB4.3 billion	RMB4.5 billion
Post-money valuation[2]	RMB75 million	RMB268 million	RMB510 million	RMB650 million	RMB2.3 billion	RMB3.0 billion	RMB3.5 billion	RMB4.5 billion	RMB4.5 billion
Cost per Share[3]	RMB0.70	RMB2.34	RMB4.11	RMB4.83	RMB15.62	RMB19.47	RMB21.41	RMB26.41	RMB26.41
[REDACTED] to the [REDACTED][4]	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

	Angel Round	Series A	Series B	Series B+	Series C	Series C+	Series C++	Series D	Series D+
Basis of determining the valuation and consideration paid	The basis of determination for the consideration for the Pre-**[REDACTED]** Investments was arm's length negotiations between us and the Pre-**[REDACTED]** Investors after taking into consideration the timing of the investments and the status of our business and operating entities. Accordingly, the Pre-**[REDACTED]** Investors acquired their respective interest in our Company at fair market value at the time each such Pre-**[REDACTED]** Investor made its investment. The fair market value of our Group's equity has increased commensurately with its growth over time.								
Use of [REDACTED] from the Investments	We utilized the **[REDACTED]** from the Pre-**[REDACTED]** Investments for our principal business, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately [78.45]% of the net **[REDACTED]** from the Pre-**[REDACTED]** Investments had been utilized.								
Lock-up period	Pursuant to applicable PRC laws, no existing Shareholders (including the Pre-**[REDACTED]** Investors) may dispose of any of the Shares held by them within the 12 months following the **[REDACTED]**.								
Strategic benefits of the Pre-[REDACTED] Investment brought to our Group	At the time of the Pre-**[REDACTED]** Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-**[REDACTED]** Investors and their market influence, knowledge and experience and (ii) the Pre-**[REDACTED]** Investments demonstrated the Pre-**[REDACTED]** Investors' confidence in the operation and development of our Group.								

Notes:

(1) Representing the cost per Share under the respective round of the Pre-**[REDACTED]** Investments multiplied by the capitalization of our Company (on a fully diluted basis) immediately before the closing of the corresponding round of the Pre-**[REDACTED]** Investments.

(2) Our post-money valuation were calculated taking into account the issuance of new shares and contribution to registered capital in that series.

The increase in our Company's valuation from the Angel Round to Series A Financing was mainly due to the commencement of sales for our MEMS products and the successful development of our MEMS sensor chips, establishing our Company as an emerging player in the MEMS sensor market.

The increase in our Company's valuation from Series A to Series B Financing was mainly due to the successful development of our Si power device products for the consumer electronics market, expanding our product portfolio beyond MEMS.

The increase in our Company's valuation from Series B to Series B+ Financing was mainly due to the large-scale commercialization and sales of our power device products and the expected revenue growth led by large-scale commercialization and sales.

The increase in our Company's valuation from Series B+ to Series C Financing was mainly due to the entry of our silicon-based power device products into the supply chains of leading global automotive customers in the industrial and new energy sectors, as well as the successful development of silicon carbide power device products, resulting in revenue growth.

The increase in our Company's valuation from Series C to Series C+ Financing was mainly due to the large-scale sales of our products to multiple leading customers in the automotive industry.

The increase in our Company's valuation from Series C+ to Series C++ Financing was mainly due to the commencement of large-scale sales of our SiC power device products and continued large-scale sales of our Si power device products to multiple leading automotive customers, accompanied by a growing brand reputation and expected sales growth.

The increase in our Company's valuation from Series C++ to Series D Financing and Series D+ Financing was mainly due to our products entering the supply chains of leading AI data center power customers, establishing and strengthening our brand reputation in the fast-growing AI data center market.

The increase in our Company's valuation from Series D+ Financing to the completion of **[REDACTED]** was mainly due to the anticipated large-scale sales of (i) automotive power devices driven by market growth in the automotive power device market, (ii) our Si and SiC power devices driven by increasing demand for mass-produced power devices from the AI data centre and server power supply market, and (iii) audio ICs driven by the rapid development of the AI intelligent terminal market, as well as the expected capital raising during the **[REDACTED]**.

(3) The cost per Share is calculated based on the amount of investment made by the relevant Pre-**[REDACTED]** Investors to our Company and the number of Shares of the Company held, or the registered capital subscribed, by them corresponding to the investment, as adjusted by the capital increase of the Company on a pro rata basis to its then existing Shareholders through the conversion of capital reserves into registered capital in January 2023 and the Share Subdivision to be undertaken immediately prior to the **[REDACTED]** and with reference to the exchange rate disclosed in "Information about this Document and the **[REDACTED]**" to facilitate the illustration of premium or discount to the **[REDACTED]**.

(4) The discount to the H Share **[REDACTED]** is calculated based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share.

Special rights of the Pre-[REDACTED] Investors

The Pre-**[REDACTED]** Investors had been granted certain special rights, including, among others, repurchase rights, co-sale rights, liquidation preferences, information rights, inspection rights, veto rights, rights of first refusal, pre-emptive rights, anti-dilution rights, tag-along rights and director appointment rights.

Pursuant to the termination agreements dated August 31, 2025 and September 15, 2025 entered into between, among others, our Company, the Pre-**[REDACTED]** Investors and our Controlling Shareholders, (i) the repurchase rights granted to the Pre-**[REDACTED]** Investors under the shareholders' agreements have been terminated prior to the first submission of the **[REDACTED]** to the Stock Exchange for the purpose of the **[REDACTED]**, (ii) co-sale rights and liquidation preferences granted to the Pre-**[REDACTED]** Investors under the shareholders' agreements have been terminated prior to the first submission of the **[REDACTED]** to the Stock Exchange and will only be exercisable if the **[REDACTED]** for the **[REDACTED]** cannot proceed (including but not limited to being withdrawn, lapse without being updated) or is rejected or revoked by the competent authority; and (iii) all other special rights under the Pre-**[REDACTED]** Investments shall cease to be effective and be discontinued upon the **[REDACTED]** in accordance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange, including, among others, information rights, inspection rights, veto rights, rights of first refusal, pre-emptive rights, anti-dilution rights, tag-along rights together with, director appointment rights.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-**[REDACTED]** Investments were settled not less than 120 clear days before the **[REDACTED]**, and (ii) the termination of the special rights granted to the Pre-**[REDACTED]** Investors as disclosed in "— Special rights of the Pre-**[REDACTED]** Investors" above, the Joint Sponsors confirm that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information about Our Pre-[REDACTED] Investors

To the best knowledge of our Directors, each of our Pre-**[REDACTED]** Investors and their respective ultimate beneficial owner (where applicable) is an Independent Third Party. The background information on our Pre-**[REDACTED]** Investors is set out below.

(1) Everest Funds

Everest No.39, Everest No. 58, Everest No. 74, Everest No. 79, Everest No.80, Everest No.81, Everest No.82, Everest No.83 and Everest No.84 (together, the "**Everest Funds**") are funds managed by Everest Venture Capital Co., Ltd.* (朗瑪峰創業投資有限公司) ("**Everest VC**").

Each of the Everest Funds is a limited partnership established in the PRC. As of the Latest Practicable Date, Langma 39, Langma 58, Langma 74, Langma 79, Langma 80, Langma 81, Langma 82, and Langma 83 each had 49 limited partners, while Langma 84 had 48 limited partners. None of the limited partners held more than 30% of its partnership interest. The general partner of each of the Everest Funds is Everest VC. Everest VC mainly engages in private equity investment fund management and venture capital fund management. As of the Latest Practicable Date, Everest VC was owned as to 95% by Xiao Jiancong (肖建聰) and 5% by Wang Yuping (王玉平). Xiao Jiancong has more than ten years' experience in equity investment, mainly investing in pharmaceutical and healthcare, semiconductor chips, new energy and new materials.

To the best knowledge of the Directors, each of the Everest Funds and Everest VC, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an Independent Third Party.

(2) Cowin Weiye

Wuxi Cowin and Qingdao Cowin, being funds managed by Shenzhen Cowin Jinxiu Asset Management Co., Ltd.* (深圳同創錦繡資產管理有限公司) ("**Cowin Jinxiu**"), which is a wholly-owned subsidiary of Shenzhen Cowin Asset Management Co., Ltd.* (深圳同創偉業資產管理股份有限公司) ("**Cowin Weiye**").

Wuxi Cowin is a limited partnership established in the PRC which focuses on investments in technology and telecommunication industries. As of the Latest Practicable Date, Wuxi Cowin is held as to approximately 2.00% by Cowin Jinxiu, its general partner, and 44.00% by Runtu Jinheng (Jiaxing) Investment Partnership (Limited Partnership)* (閏土錦恒(嘉興)投資合夥企業(有限合夥)) ("**Runtu Jinheng**"). Runtu Jinheng is owned as to 99% by Zhejiang Runtu Co., Ltd.* (浙江閏土股份有限公司) and its ultimate beneficial owners are Zhang Aijuan (張愛娟), Ruan Jingbo (阮靜波), Ruan Jiachun (阮加春), Ruan Jingxi (阮靖淅) and Ruan Jixiang (阮吉祥) all of whom are an Independent Third Parties. None of the remaining limited partners of Wuxi Cowin held more than 10% of its partnership interest.

Qingdao Cowin is a limited partnership established in the PRC which focuses on private equity investment and venture capital fund management. Its general partner is Cowin Jinxiu. As of the Latest Practicable Date, Qingdao Cowin is owned as to approximately 26.69% by Qingdao Cowin Zhiren Venture Capital Center (Limited Partnership)* (青島同創致仁創業投資中心(有限合夥)) ("**Cowin Zhiren**"), 10.16% by Runtu Jinheng and 10.16% by Shandong Finance and Economics Technology Innovation Equity Investment Fund Partnership (Limited Partnership)* (山東財金科技創新股權投資基金合夥企業(有限合夥)) ("**Shandong Innovation**"). To the best knowledge of our Directors, (i) the general partner of Cowin Zhiren is Hangzhou Cowin Weiye Asset Management Co., Ltd.* (杭州同創偉業資產管理有限公司) and the ultimate beneficial owner is Shenzhen Cowin Asset Management Co., Ltd.* (深圳同創偉業資產管理股份有限公司), and (ii) Shandong Innovation is ultimately controlled by the Bureau of Finance of Qingdao City. None of the remaining 23 limited partners of Qingdao Cowin held more than 10% of its partnership interest.

Cowin Jinxiu is a limited liability company established under the laws of the PRC and is primarily engaged in equity investment and consultancy service. It is a wholly-owned subsidiary of Cowin Weiye, an investment company listed on the NEEQ (stock code: 832793), which in turn is ultimately controlled by Zheng Weihe (鄭偉鶴) and Huang Li (黃荔), both are Independent Third Parties. Cowin Weiye is an investment company focusing on investing in a pioneering enterprise on a long-term basis which has 24 years of experience of capital management.

To the best knowledge of the Directors, each of the Wuxi Cowin, Qingdao Cowin and Cowin Jinxiu, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an Independent Third Party.

(3) CAS Star Investment

Chuangxing Yaoying, Chuangxing No.1, Chuangxing No.10 and Chuanfa Chuangxing are funds managed by CAS Star Technology Investment Co., Ltd.* (中科創星科技投資有限公司) ("**CAS Star Investment**").

Chuangxing Yaoying is a limited partnership established in the PRC. As of the Latest Practicable Date, Chuangxing Yaoying is held (i) as to approximately 0.006% by Shanghai Chuangxing Zhiguang Venture Capital Investment Management Limited* (上海創星之光創業投資管理有限公司) ("**Shanghai Chuangxing**"), its general partner, which is wholly owned by CAS Star Investment; (ii) as to approximately 47.50% by Suzhou Hi-Tech Sunshine Huili Equity Investment Partnership* (蘇州高新陽光匯利股權投資合夥企業), which is ultimately controlled by Zhang Wenwen (張文雯), and (iii) as to approximately 47.50% by Suzhou NRL Xince Venture Capital Partnership* (蘇州紐爾利新策創業投資合夥企業), which is ultimately controlled by Lin Xianghong (林向紅). The remaining limited partner of Chuangxing Yaoying did not hold more than 30% of its partnership interest.

Chuangxing No.1 is a limited partnership established in the PRC. As of the Latest Practicable Date, Chuangxing No.1 is held as to approximately 0.02% by Shanghai Chuangxing, its general partner, approximately 40.10% by Jiaxing Wosen Venture Capital Partnership (Limited Partnership)* (嘉興沃森創業投資合夥企業(有限合夥)) ("**Jiaxing Wosen**"), and approximately 3.65% by Mr. Lu Xiaobao (盧小保), our Non-executive Director. Jiaxing Wosen is held by approximately 4.76% by Shanghai Woken Asset Management Co., Ltd.* (上海沃肯資產管理有限公司) ("**Shanghai Woken**"), its general partner, and 12 limited partners, none of which holds more than 30% of its partnership interest. Shanghai Woken is held as to approximately 50% by Zhang Yinhan (張吟含) and approximately 30% by Li Wei (李薇). None of the remaining 7 limited partners of Chuangxing No.1 held more than 30% of its partnership interest.

Chuangxing No.10 is a limited partnership established in the PRC. As of the Latest Practicable Date, Chuangxing No.10 is held as to approximately 0.01% by Xi'an Fengdong New City Zhongke Chuangxing Enterprise Management Consulting Partnership (Limited Partnership)* (西安市灃東新城中科創星企業管理諮詢合夥企業(有限合夥)) ("**Xi'an Fengdong**"), its general partner, and approximately 99.99% by Wuxi Chuangshang Xingbo Venture Capital Partnership (Limited Partnership)* (無錫創尚星博創業投資合夥企業(有限合夥)) ("**Wuxi Chuangshang**"). Xi'an Fengdong is held as to approximately 1.00% by Beijing CAS Star Technology Co., Ltd.* (北京中科創星科技有限公司) ("**Beijing CAS Star Technology**"), its general partner, and approximately 99.00% by CAS Star Investment. Beijing CAS Star Technology is wholly-owned by CAS Star Investment. Wuxi Chuangshang is held as to approximately 0.59% by Shanghai Chuangxing, its general partner, and approximately 99.41% by Wuxi SXH Boshang Investment Partnership* (無錫尚賢湖博尚投資合夥企業) ("**Wuxi SXH Boshang**"). Wuxi SXH Boshang is held as to approximately 0.65% by Jiangsu Boshang Investment Management Co., Ltd.* (江蘇博尚投資管理有限公司), its general partner, and approximately 47.74% by Wuxi Xinshang Investment Management Co., Ltd.* (無錫新尚投資有限公司), which is wholly owned by Wuxi Taihu New City Development Group Co., Ltd.* (無錫市太湖新城發展集團有限公司), which is held as to approximately 30.87% by Wuxi City Construction Development Group Co., Ltd.* (無錫城建發展集團有限公司), which is wholly owned by Wuxi State-owned Asset Supervision and Administration Commission* (無錫市人民政府國有資產監督管理委員會).

Chuanfa Chuangxing is a limited partnership established in the PRC. As of the Latest Practicable Date, Chuanfa Chuangxing is held as to approximately 0.67% by Sichuan Development Sci-Tech Innovation Private Fund Management Co., Ltd.* (四川發展科技創新投資私募基金管理有限公司) ("**Sichuan Development Sci-Tech Innovation**"), (formerly known as Sichuan Development Industrial Guidance Equity Investment Fund Management Limited Liability Company* (四川發展產業引導股權投資基金管理有限責任公司)), one of its general partner, approximately 1.07% by Xi'an CAS Star Venture Capital Investment Management Limited* (西安中科創星創業投資管理有限公司) ("**Xi'an CAS Star Investment**"), its other general partner, and approximately 30.00% by Xi'an Innovation Investment Fund Partnership* (西安市創新投資基金合夥企業) ("**Xi'an Innovation Investment Fund**"). Sichuan Development Sci-Tech Innovation is wholly owned by Sichuan Technology Innovation Investment Group Limited Liability Company* (四川省科技創新投資集團有限責任公司), which is wholly owned by Sichuan Development (Holding) Limited Liability Company* (四川發展(控股)有限責任公司), which is held as to 90% by Sichuan State-owned Asset Supervision and Administration Commission* (四川省政府國有資產監督管理委員會). Xi'an Innovation Investment Fund is held as to approximately 0.36% by Xi'an Caijin Investment Private Equity Fund Management Co., Ltd.* (西安財金投資私募基金管理有限公司), its general partner, which is wholly owned by Xi'an Caijin Investment Management Co., Ltd.* (西安財金投資管理有限公司) ("**Xi'an Caijin Investment Management Company**"), and approximately 71.17% by Xi'an Caijin Investment Management Company. Xi'an Caijin Investment Management Company is wholly owned by the Finance Bureau of Xi'an Municipality* (西安市財政局). Xi'an CAS Star Investment is wholly owned by CAS Star Investment. None of the remaining 7 limited partners of Chuanfa Chuangxing held more than 30% of its partnership interest.

CAS Star Investment is owned as to approximately 49.93% by Xi'an Huike Enterprise Management Consultancy Co., Ltd.* (西安慧科企業管理諮詢股份有限公司) ("**Xi'an Huike**"), which in turn is owned as to approximately 47.99% by Mi Lei (米磊) and approximately 34.99% by Li Hao (李浩).

To the best knowledge of the Directors, each of the Chuangxing Yaoying, Chuangxing No.1, Chuangxing No.10 and Chuanfa Chuangxing, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an Independent Third Party.

(4) Damei Zhongcheng

Nantong Damei is a limited partnership established in the PRC. The general partner of Nantong Damei is Nanjing Damei Zhongcheng Venture Capital Partnership (Limited Partnership)* (南京大美眾成創業投資合夥企業(有限合夥)) ("**Damei Zhongcheng**"), which is ultimately controlled by Yan Aijun (嚴愛軍). Nantong Damei has five limited partners and one of them is Wei Li (魏立), who owned 56.5% of the partnership interest. None of the other limited partners owned more than 30% of the partnership interest.

Nanjing Damei is a limited partnership established in the PRC. The general partner of Nanjing Damei is Damei Zhongcheng. Nanjing Damei has six limited partners and none of them owned more than 30% of the partnership interest.

(5) Zhangjiang Venture

Zhangjiang Venture is a limited company incorporated in the PRC. It is wholly owned by Shanghai Zhangjiang (Group) Co., Ltd.* (上海張江(集團)有限公司), which is ultimately controlled by Shanghai Pudong New Area People's Government State-owned Assets Supervision and Administration Commission* (上海市浦東新區國有資產監督管理委員會).

(6) Yibin Lvneng

Yibin Lvneng is a limited partnership established in the PRC. The general partner of Yibin Lvneng is Chendao Capital LLP* (寧波梅山保稅港區晨道投資合夥企業(有限合夥)), which is ultimately controlled by Ningbo Meishang Bonded Port Area Yitian Investment Co., Ltd.* (寧波梅山保稅港區倚天投資有限公司). Yibin Lvneng has eight limited partners, with the largest limited partner, Yibin Development Venture Capital Co., Ltd.* (宜賓發展創投有限公司), holding approximately 46.50% of the partnership interest. None of the other limited partners owned more than 30% of the partnership interest.

(7) Shengshi Capital

Shengshi Capital is a limited partnership established in the PRC. The general partner of Shengshi Capital is Shanghai Shengshi Jiayi Enterprise Management Co., Ltd.* (上海盛石嘉益企業管理有限公司), which is ultimately controlled by Shanghai Shengshi Capital Management Co., Ltd.* (上海盛石資本管理有限公司). Shengshi Capital has six limited partners, with the largest limited partner, Zhangjiagang Jiyang No. 1 Enterprise Management Partnership (Limited Partnership)* (張家港暨陽壹號企業管理合夥企業(有限合夥)), holding approximately 40.61% of the partnership interest. Zhangjiagang Jiyang No. 1 Enterprise Management Partnership (Limited Partnership) is ultimately controlled by China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司). None of the other limited partners owned more than 30% of the partnership interest.

(8) BAIC Huada Venture

BAIC Huada Venture is a limited partnership established in the PRC. The general partner of BAIC Huada Venture is Shenzhen Anpeng Equity Investment Fund Management Co., Ltd.* (深圳市安鵬股權投資基金管理有限公司), which is ultimately controlled by BAIC Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資有限公司). BAIC Huada Venture has two limited partners, who are Shanghai Jingjiang Technology Development Co., Ltd.* (上海競江科技發展有限公司) and BAIC Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資有限公司). Shanghai Jingjiang Technology Development Co., Ltd. owned 55% of the partnership interest and is ultimately controlled by Huada Automotive Technology Corp., Ltd.* (華達汽車科技股份有限公司). BAIC Group Industrial Investment Co., Ltd.* owned 42.5% of the partnership interest and is ultimately controlled by Beijing Automotive Industry Corporation* (北京汽車集團有限公司).

(9) Shanghai Xinlian Qichen

Shanghai Xinlian Qichen is a limited partnership established in the PRC. The general partner of Shanghai Xinlian Qichen is Xinlian Private Equity Fund Management (Hangzhou) Partnership (Limited Partnership)* (芯聯私募基金管理(杭州)合夥企業(有限合夥)), which is ultimately controlled by Yuan Feng (袁鋒). Shanghai Xinlian Qichen has ten limited partners, including Xinlian Equity Investment (Hangzhou) Co., Ltd.* (芯聯股權投資(杭州)有限公司), who owned 50.08% of the partnership interest and is ultimately controlled by United Nova Technology Co., Ltd.* (芯聯集成電路製造股份有限公司) ("**UNT**"). No other limited partner owned more than 30% of the partnership interest. UNT is also a supplier of our Company and has maintained a long-term, stable partnership with us. Through close business collaboration, UNT has gained a strong understanding of our operations, technologies, and growth potential. In June 2025, UNT became a pre-**[REDACTED]** investor in the Company via Shanghai Xinlian Qichen to further strengthen strategic cooperation and support our future development. For details, see "Business — Major Suppliers" in this Document.

(10) Anhui Hongxinli

Anhui Hongxinli is a limited partnership established in the PRC. The general partner of Anhui Hongxinli is Ningbo Meishan Bonded Port Area Bihong Private Equity Fund Management Co., Ltd.* (寧波梅山保稅港區碧鴻私募基金管理有限公司), which is ultimately controlled by Li Ni (李妮). The two limited partners of Anhui Hongxinli are Ningbo Meishan Bonded Port Area Huizhong Investment Management Co., Ltd.* (寧波梅山保稅港區惠中投資管理有限公司), who owned 69% of the partnership interest and is ultimately controlled by Li Ni (李妮), and Anhui Jiangdong Industrial Investment Group Co., Ltd.* (安徽江東產業投資集團有限公司), who owned 30% of the partnership interest and is ultimately controlled by Jiangdong Holding Group Co., Ltd.* (江東控股集團有限責任公司).

(11) Jishi Capital

Jishi Capital is a limited partnership established in the PRC. The general partner of Jishi Capital is Jishi Asset Management Co., Ltd.* (基石資產管理股份有限公司), which is ultimately controlled by Zhang Wei (張維). Jishi Capital has seven limited partners, with the two largest partners, Ma'anshan Jishi Jingwen Equity Investment Partnership (Limited Partnership)* (馬鞍山基石景文股權投資合夥企業(有限合夥)) and Shenzhen Jishi SME Development Private Equity Fund Partnership (Limited Partnership)* (深圳基石中小企業發展私募股權基金合夥企業(有限合夥)), each holding approximately 34.15% of the partnership interest. Ma'anshan Jishi Jingwen Equity Investment Partnership (Limited Partnership)* is ultimately controlled by Jishi Asset Management Co., Ltd. Shenzhen Jishi SME Development Private Equity Fund Partnership (Limited Partnership)* is ultimately controlled by Zhang Wei (張維). No other limited partner owned more than 30% of the partnership interest.

(12) Henan Shangqi

Henan Shangqi is a limited partnership established in the PRC. The general partner of Henan Shangqi is Shanghai Shangqi Investment Management Partnership (Limited Partnership)* (上海尚頎投資管理合夥企業(有限合夥)), whose general partner is Shanghai Qiyuan Business Consulting Co., Ltd.* (上海頎元商務諮詢有限公司). Shanghai Qiyuan Business Consulting Co., Ltd.* is ultimately controlled by Feng Ji (馮戟). Henan Shangqi has 17 limited partners, with the largest limited partner, SAIC Motor Group Financial Holding Management Co., Ltd.* (上海汽車集團金控管理有限公司), holding approximately 31.57% of the partnership interest. SAIC Motor Group Financial Holding Management Co., Ltd. is ultimately controlled by SAIC Motor Corporation Limited* (上海汽車集團股份有限公司). None of the other limited partners owned more than 30% of the partnership interest.

(13) Yunze Venture

Yunze Venture is a limited partnership established in the PRC. The general partner of Yunze Venture is Xinjiang Yunze Equity Investment Management Co., Ltd.* (新疆雲澤股權投資管理有限公司), which is ultimately controlled by Mr. Ma Yun (馬雲) ("**Mr. Ma**"). Mr. Ma previously held positions at various mutual funds in China and has extensive experience in equity investment. Yunze Venture has 47 limited partners and none of them owned more than 30% of the partnership interest.

(14) Shanghai Lumi Tracing

Shanghai Lumi Tracing is a limited partnership established in the PRC. The general partners of Shanghai Lumi Tracing are Yuanyi Investment Management (Changzhou) Co., Ltd.* (元毅投資管理(常州)有限公司), which is ultimately controlled by Changzhou Municipal People's Government State-owned Assets Supervision and Administration Commission* (常州市人民政府國有資產監督管理委員會), and Xi'an Lumi Tracing Hard Technology Venture Capital Management Co., Ltd.* (西安追光硬科技創業投資管理有限公司), which is ultimately controlled by Xi'an Institute of Optics and Precision Mechanics, Chinese Academy of Sciences* (中國科學院西安光學精密機械研究所). Shanghai Lumi Tracing has three limited partners, with two largest limited partners, Changzhou Investment Group Co., Ltd.* (常州投資集團有限公司) and Xi'an Zhongke Optical Machinery Investment Holding Co., Ltd.* (西安中科光機投資控股有限公司), holding approximately 49.88% and 37.38% of the partnership interest, respectively. Changzhou Investment Group Co., Ltd. is ultimately controlled by Changzhou Municipal People's Government State-owned Assets Supervision and Administration Commission*. Xi'an Zhongke Optical Machinery Investment Holding Co., Ltd.* is ultimately controlled by Xi'an Institute of Optics and Precision Mechanics, Chinese Academy of Sciences*. None of the other limited partners owned more than 30% of the partnership interest.

(15) Jichuang Venture

Jichuang Venture is a limited partnership established in the PRC. The general partner of Jichuang Venture is Hainan Jichuang Private Equity Fund Partnership (Limited Partnership)* (海南集創私募基金合夥企業(有限合夥)), which is ultimately controlled by Hainan Tuoyuan Enterprise Consulting Partnership (Limited Partnership)* (海南拓遠企業諮詢合夥企業(有限合夥)). Jichuang Venture has five limited partners, with the largest limited partner, Shen Yousheng (沈幼生), holding approximately 72.73% of the partnership interest and none of the other limited partners owned more than 30% of the partnership interest.

(16) Xinchang Touyan

Xinchang Touyan is a limited partnership established in the PRC. The general partner of Xinchang Touyan is Hangzhou Sanhua Hongdao Venture Capital Partnership (Limited Partnership)* (杭州三花弘道創業投資合夥企業(有限合夥)), which is ultimately controlled by Zhang Shaobo (張少波). Xinchang Touyan has three limited partners, with the two largest limited partners, Xinchang Hongchong Holdings Co., Ltd.* (新昌縣宏創控股有限公司), (formerly known as Xinchang County Jinkong Investment Development Co., Ltd.* (新昌縣金控投資發展有限公司)) and Sanhua Holding Group Co., Ltd.* (三花控股集團有限公司), holding 50% and 48.7% of the partnership interest, respectively. Xinchang County Jinkong Investment Development Co., Ltd.* is ultimately controlled by Xinchang Industrial Investment Holding Group Co., Ltd.* (新昌產投控股集團有限公司). Sanhua Holding Group Co., Ltd.* is ultimately controlled by Zhang Daocai (張道才). No other limited partner owned more than 30% of the partnership interest.

(17) Zhangjiang Suifeng

Zhangjiang Suifeng is a limited partnership established in the PRC. The general partner of Zhangjiang Suifeng is Shanghai Zhangjiang Haoheng Innovative Equity Investment Management Co., Ltd.* (上海張江浩珩創新股權投資管理有限公司) ("**Shanghai Zhangjiang Haoheng**"), which is held as to approximately 49% by Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.* (上海張江高科技園區開發股份有限公司) (**"Zhangjiang Hi-Tech**") (stock code:600895). Zhangjiang Hi-tech is held as to approximately 48.75% by Zhangjiang Group. Zhangjiang Suifeng brings together capital from multiple parties including Zhangjiang Hi-Tech, Pudong Construction, Shanghai Science and Technology Innovation Fund, and Pudong Science and Technology Innovation Fund. Zhangjiang Suifeng has four limited partners and none of them owned more than 30% of the partnership interest.

(18) Wanxiang 123

Wanxiang 123 is a limited company incorporated in the PRC. Wanxiang 123 has nine shareholders, with Wanxiang Group Corporation Ltd.* (萬向集團公司) holding the largest share of approximately 65.03%. Wanxiang Group Corporation Ltd.* is a limited company incorporated in the PRC, which primarily focuses on auto parts manufacturing and is ultimately controlled by Lu Weiding (魯偉鼎). None of the other shareholders owned more than 30% of the interest.

(19) Midea Capital

Midea Capital is a limited partnership established in the PRC. The general partner of Midea Capital is Ningbo Meizhi Hechuang Investment Center (Limited Partnership)* (寧波美智和創投資中心(有限合夥)), which is ultimately controlled by Midea Capital Co., Ltd.* (美的創業投資管理有限公司). Midea Capital has 15 limited partners and none of them owned more than 30% of the partnership interest.

(20) Yingfeng Fund

Yingfeng Fund is a limited partnership established in the PRC. The general partner of Yingfeng Fund is Ningbo Yingfeng Equity Investment Fund Management Co., Ltd.* (寧波盈峰股權投資基金管理有限公司), which is ultimately controlled by Su Bin (蘇斌). Yingfeng Fund has seven limited partners and none of them owned more than 30% of the partnership interest.

(21) Gongqingcheng Yuanqi

Gongqingcheng Yuanqi is a limited partnership established in the PRC. The general partner of Gongqingcheng Yuanqi is Gongqingcheng Yuanfu Equity Investment Partnership (Limited Partnership)* (共青城源福股權投資合夥企業(有限合夥)), which is ultimately controlled by Lu Xiaoting (陸曉婷). Gongqingcheng Yuanqi has 17 limited partners and none of them owned more than 30% of the partnership interest.

(22) Gongqingcheng Haiyao and Gongqingcheng Haiyao No.2

Gongqingcheng Haiyao is a limited partnership established in the PRC. The general partner of Gongqingcheng Haiyao is Gongqingcheng Hairong Investment Partnership (Limited Partnership)* (共青城海容投資合夥企業(有限合夥)), which is ultimately controlled by Changzhou Haixu Venture Capital Management Partnership (Limited Partnership)* (常州海旭創業投資管理合夥企業(有限合夥)). Gongqingcheng Haiyao has eight limited partners and none of them owned more than 30% of the partnership interest.

Gongqingcheng Haiyao No.2 is a limited partnership established in the PRC. The general partner of Gongqingcheng Haiyao No.2 is Gongqingcheng Hairong Investment Partnership (Limited Partnership)* (共青城海容投資合夥企業(有限合夥)). Gongqingcheng Haiyao No.2 has five limited partners, with the largest limited partner, Hunan Zehua Changxing Equity Investment Partnership (Limited Partnership)* (湖南澤華長興股權投資合夥企業(有限合夥)), holding 45% of the partnership interest. Hunan Zehua Changxing Equity Investment Partnership (Limited Partnership)* is ultimately controlled by Hunan Zehua Private Equity Fund Management Co., Ltd.* (湖南澤華私募股權基金管理有限公司). None of the other limited partners owned more than 30% of the partnership interest.

(23) Nanjing Wangyuekewang

Nanjing Wangyuekewang is a limited partnership established in the PRC. The general partner of Nanjing Wangyuekewang is Wang Heqiu (王合球), who owned 24.1% of the partnership interest. Nanjing Wangyuekewang has four limited partners and none of them owned more than 30% of the partnership interest.

(24) Jiaxing Junyang

Jiaxing Junyang is a limited partnership established in the PRC. The general partner of Jiaxing Junyang is Hangzhou Junshang Investment Management Co., Ltd.* (杭州君上投資管理有限公司), which is ultimately controlled by Chen Yihan (陳奕涵). Jiaxing Junyang has four limited partners, with the two largest limited partners, Xu Shen (許燊) and Shen Bin (沈彬), each holding approximately 40.97% and 34.97% of the partnership interest. None of the other limited partners owned more than 30% of the partnership interest.

(25) Xinchang Yujun

Xinchang Yujun is a limited partnership established in the PRC. The general partner of Xinchang Yujun is Chen Jinyu (陳金玉), who owned 50% of the partnership interest. Xinchang Yujun has two limited partners, including Xu Jun (徐俊) and Pan Zhen (潘朕), who owned approximately 33.33% and 16.67% of the partnership interest, respectively.

(26) Thriving Capital

Thriving Capital is a limited partnership established in the PRC. The general partner of Thriving Capital is Huang Kun (黃錕). The sole limited partner of Thriving Capital is Wu Cen (吳岑), who owned 99% of the partnership interest.

(27) Dekai Technology

Dekai Technology is a limited partnership established in the PRC. The general partner of Dekai Technology is Wu Gang (吳剛), who owned 1% of the partnership interest. Dekai Technology has four limited partners, with the largest limited partner, Xinzhong New Material Technology Group Co., Ltd.* (欣中新材料科技集團有限公司), holding as to 77% of the partnership interest. Xinzhong New Material Technology Group Co., Ltd.* is ultimately controlled by Wu Zehao (吳澤昊).

(28) Yangling Zhongke Chuangxing

Yangling Zhongke Chuangxing is a limited partnership established in the PRC. The general partner of Yangling Zhongke Chuangxing is Gongqingcheng Feichuang Investment Management Partnership (Limited Partnership)* (共青城飛創投資管理合夥企業(有限合夥)), which is ultimately controlled by Li Hao (李浩). The sole limited partner of Yangling Zhongke Chuangxing is Quanzhou Chuangxing Zhongke Management Consulting Partnership (Limited Partnership)* (泉州創星忠科管理諮詢合夥企業(有限合夥)), who owned 99% of the partnership interest. Quanzhou Chuangxing Zhongke Management Consulting Partnership (Limited Partnership)* is ultimately controlled by Li Hao (李浩).

(29) Ms. Wang Yemei

Ms. Wang Yemei (王葉梅), aged 56, is a private investor who is a resident in China with approximately 10 years of investment experience.

(30) Ms. Shang Yunsi

Ms. Shang Yunsi, aged 36, is a private investor who is a resident in China with over six years of investment experience.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, Ruishixin, Shanghai Xiujun Information Technology Partnership (Limited Partnership) (上海鏽駿信息技術合夥企業(有限合夥)) ("**Shanghai Xiujun**"), Shanghai Yanding Information Technology Partnership (Limited Partnership) (上海燕釘信息技術合夥企業(有限合夥)) ("**Shanghai Yanding**") and Shanghai Yuhengxin Information Technology Partnership (Limited Partnership) (上海玉衡芯信息技術合夥企業(有限合夥)) ("**Shanghai Yuhengxin**") were established as our employee shareholding platforms. For details, see "Appendix VI — Statutory and General Information — Employee Shareholding Platforms".

FULL CIRCULATION

[REDACTED]

PUBLIC FLOAT

[REDACTED]

[REDACTED]

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date, immediately prior to the completion of the **[REDACTED]** and immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** are not exercised):

Shareholders	As of the Latest Practicable Date (without taking into account the Share Subdivision)		Immediately prior to the completion of the [REDACTED] (taking into account the Share Subdivision)		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of H Shares Held	Approximate Shareholding Percentage
Our Controlling Shareholder						
Ruishixin	8,483,877	49.78%	84,838,770	49.78%	[REDACTED]	[REDACTED]
Everest Funds						
Everest No.39	645,743	3.79%	6,457,430	3.79%	[REDACTED]	[REDACTED]
Everest No.84	214,266	1.26%	2,142,660	1.26%	[REDACTED]	[REDACTED]
Everest No.82	151,481	0.89%	1,514,810	0.89%	[REDACTED]	[REDACTED]
Everest No.81	128,002	0.75%	1,280,020	0.75%	[REDACTED]	[REDACTED]
Everest No.83	126,487	0.74%	1,264,870	0.74%	[REDACTED]	[REDACTED]
Everest No.80	118,534	0.70%	1,185,340	0.70%	[REDACTED]	[REDACTED]
Everest No.58	64,020	0.38%	640,200	0.38%	[REDACTED]	[REDACTED]
Everest No.79	43,551	0.26%	435,510	0.26%	[REDACTED]	[REDACTED]
Everest No.74	35,959	0.21%	359,590	0.21%	[REDACTED]	[REDACTED]
Sub-total	***1,528,043***	***8.98%***	***15,280,430***	***8.98%***	[REDACTED]	[REDACTED]

Shareholders	As of the Latest Practicable Date (without taking into account the Share Subdivision)		Immediately prior to the completion of the [REDACTED] (taking into account the Share Subdivision)		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of H Shares Held	Approximate Shareholding Percentage
Cowin Weiye						
Qingdao Cowin	384,120	2.25%	3,841,200	2.25%	[REDACTED]	[REDACTED]
Wuxi Cowin	153,725	0.90%	1,537,250	0.90%	[REDACTED]	[REDACTED]
Sub-total	*537,845*	*3.15%*	*5,378,450*	*3.15%*	[REDACTED]	[REDACTED]
CAS Star Investment						
Chuangxing Yaoying	576,184	3.38%	5,761,840	3.38%	[REDACTED]	[REDACTED]
Chuangxing No.1	288,000	1.69%	2,880,000	1.69%	[REDACTED]	[REDACTED]
Chuangxing No.10	558,296	3.28%	5,582,960	3.28%	[REDACTED]	[REDACTED]
Chuanfa Chuangxing	124,200	0.73%	1,242,200	0.73%	[REDACTED]	[REDACTED]
Sub-total	*1,546,680*	*9.08%*	*15,466,800*	*9.08%*	[REDACTED]	[REDACTED]
Other Shareholders						
Nantong Damei and Nanjing Damei						
Nantong Damei	363,655	2.13%	3,636,550	2.13%	[REDACTED]	[REDACTED]
Nanjing Damei	128,040	0.75%	1,280,400	0.75%	[REDACTED]	[REDACTED]
Sub-total	*491,695*	*2.88%*	*4,916,950*	*2.88%*	[REDACTED]	[REDACTED]
Gongqingcheng Haiyao						
Gongqingcheng Haiyao	102,740	0.60%	1,027,400	0.60%	[REDACTED]	[REDACTED]
Gongqingcheng Haiyao No.2	102,740	0.60%	1,027,400	0.60%	[REDACTED]	[REDACTED]
Sub-total	*205,480*	*1.20%*	*2,054,800*	*1.20%*	[REDACTED]	[REDACTED]
Nanjing Wangyuekewang and Shang Yunsi						
Nanjing Wangyuekewang	64,280	0.38%	642,800	0.38%	[REDACTED]	[REDACTED]
Ms. Shang Yunsi (尚韻思)	21,427	0.13%	214,270	0.13%	[REDACTED]	[REDACTED]
Sub-total	*85,707*	*0.51%*	*857,070*	*0.51%*	[REDACTED]	[REDACTED]

Shareholders	As of the Latest Practicable Date (without taking into account the Share Subdivision)		Immediately prior to the completion of the [REDACTED] (taking into account the Share Subdivision)		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of Unlisted Shares Held	Approximate Shareholding Percentage	Number of H Shares Held	Approximate Shareholding Percentage
Zhangjiang Venture	341,400	2.00%	3,414,000	2.00%	[REDACTED]	[REDACTED]
Yibin Lvneng	323,630	1.90%	3,236,300	1.90%	[REDACTED]	[REDACTED]
Shengshi Capital	320,100	1.88%	3,201,000	1.88%	[REDACTED]	[REDACTED]
BAIC Huada Venture	310,930	1.82%	3,109,300	1.82%	[REDACTED]	[REDACTED]
Shanghai Xinlian Qichen	308,219	1.81%	3,082,190	1.81%	[REDACTED]	[REDACTED]
Anhui Hongxinli	280,199	1.64%	2,801,990	1.64%	[REDACTED]	[REDACTED]
Jishi Capital	275,295	1.62%	2,752,950	1.62%	[REDACTED]	[REDACTED]
Henan Shangqi	233,499	1.37%	2,334,990	1.37%	[REDACTED]	[REDACTED]
Yunze Venture	210,997	1.24%	2,109,970	1.24%	[REDACTED]	[REDACTED]
Shanghai Lumi Tracing	189,352	1.11%	1,893,520	1.11%	[REDACTED]	[REDACTED]
Jichuang Venture	178,575	1.05%	1,785,750	1.05%	[REDACTED]	[REDACTED]
Mr. Wang Qingsong	176,595	1.04%	1,765,950	1.04%	[REDACTED]	[REDACTED]
Xinchang Touyan	140,100	0.82%	1,401,000	0.82%	[REDACTED]	[REDACTED]
Wanxiang 123	140,100	0.82%	1,401,000	0.82%	[REDACTED]	[REDACTED]
Midea Capital	128,040	0.75%	1,280,400	0.75%	[REDACTED]	[REDACTED]
Zhangjiang Suifeng	128,040	0.75%	1,280,400	0.75%	[REDACTED]	[REDACTED]
Yingfeng Fund	115,290	0.68%	1,152,900	0.68%	[REDACTED]	[REDACTED]
Gongqingcheng Yuanqi	107,145	0.63%	1,071,450	0.63%	[REDACTED]	[REDACTED]
Ms. Wang Yemei (王葉梅)	84,262	0.49%	842,620	0.49%	[REDACTED]	[REDACTED]
Jiaxing Junyang	51,370	0.30%	513,700	0.30%	[REDACTED]	[REDACTED]
Xinchang Yujun	46,700	0.27%	467,000	0.27%	[REDACTED]	[REDACTED]
Thriving Capital	35,959	0.21%	359,590	0.21%	[REDACTED]	[REDACTED]
Dekai Technology	32,690	0.19%	326,900	0.19%	[REDACTED]	[REDACTED]
Yangling Zhongke Chuangxing	3,840	0.02%	38,400	0.02%	[REDACTED]	[REDACTED]
Investors under the **[REDACTED]**	—	—	—	—	[REDACTED]	[REDACTED]
Total	**17,041,654**	**100%**	**170,416,540**	**100%**	**[REDACTED]**	**100%**

OUR SUBSIDIARIES

Details of our subsidiaries as of the Latest Practicable Date are set out below:

Name of subsidiary	Jurisdiction of incorporation/ establishment	Date of incorporation/ establishment	Shareholding held by our Company	Principal business activities
Alkaid Semiconductor (Huzhou) Co., Ltd.* (瑤芯半導體(湖州)有限公司) ("**Alkaid Huzhou**")	PRC	July 29, 2020	100%	IC design and sale of semiconductor discrete devices
Xi'an Alkaidsemi Technology Co., Ltd.* (西安瑤芯微電子科技有限公司) ("**Xi'an Alkaidsemi**")	PRC	November 16, 2020	100%	IC design and services
Hong Kong Alkaidsemi Limited (香港瑤芯微電子有限公司) ("**Alkaidsemi (HK)**")	Hong Kong	March 10, 2026	100%	import and export of semiconductor, and brand marketing

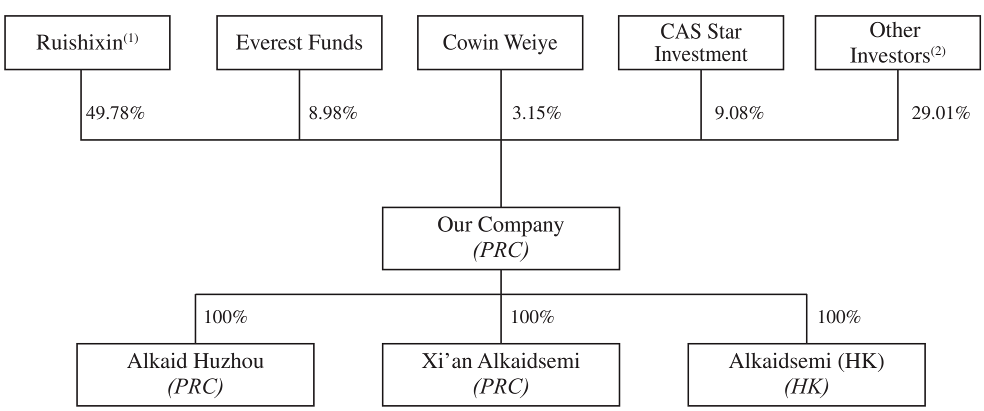
MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period, we have not made any acquisitions, disposals or mergers that we consider to be material to us.

CORPORATE STRUCTURE

(1) Corporate Structure Immediately Before Completion of the [REDACTED]

The chart below sets out the corporate structure of our Company immediately before the completion of the **[REDACTED]**:



Note:

(1) As of the Latest Practicable Date, Ruishixin, our employee shareholding platform, is owned as to 51.64% by Dr. Guo, 17.47% by Mr. Li Weigang, 9.91% by Shanghai Xiujun, 9.64% by Mr. Li Xin, 5.07% by Mr. Wang Qingsong, 2.65% by Shanghai Yanding, 1.83% by Mr. Chen Kaiyu (陳開宇), 1.14% by Shanghai Yuhengxin, and 0.66% by Mr. Zheng Zhaoxing (鄭召星).

Shanghai Xiujun is a limited partnership established under the laws of the PRC. The general partner of Shanghai Xiujun is Mr. Wang Shu, our Board Secretary. Shanghai Xiujun has 33 limited partners. Mr. Ji Dengfeng (紀登峰) holds approximately 33.01% of the partnership interest, while Dr. Guo and Mr. Li Weigang each hold approximately 0.51%. None of the other limited partners owns more than 30% of the partnership interest in Shanghai Xiujun.

Shanghai Yanding is a limited partnership established under the laws of the PRC. The general partner of Shanghai Yanding is Mr. Wang Yiming, our executive Director. Shanghai Yanding has 11 limited partners. Mr. Li Jia (李甲) holds approximately 41.15% of Shanghai Yanding and none of the other limited partners owns more than 30% of the partnership interest in Shanghai Yanding.

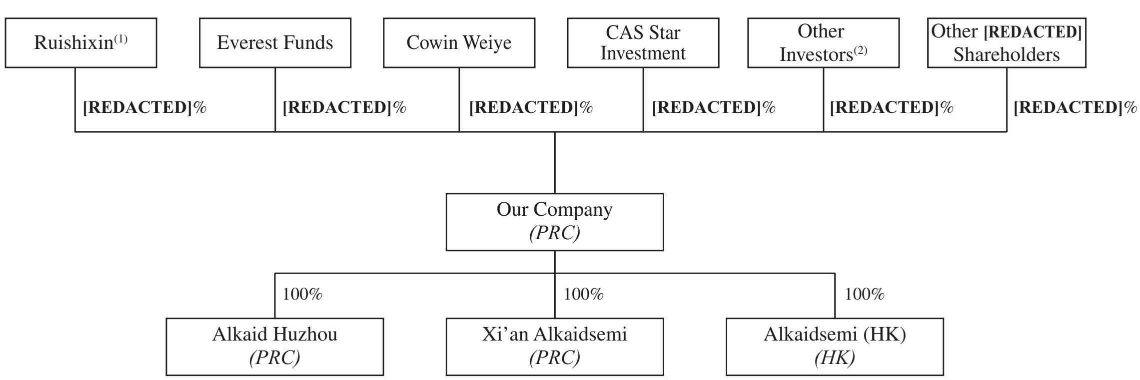
Shanghai Yuhengxin is a limited partnership established under the laws of the PRC. The general partner of Shanghai Yuhengxin is Ms. Zhou Xiaoying (周曉鷹), who serves as the supply chain director of our Group and holds approximately 13.25% partnership interest in Shanghai Yuhengxin. She is principally responsible for the formulation and implementation of supply chain strategy, procurement management, and supplier system development of our Group. Ms. Zhou Xiaoying was appointed as the general partner of Shanghai Yuhengxin in recognition of her strategic contributions and leadership in supply chain operations. Shanghai Yuhengxin has 9 limited partners. Ms. Luo Xi (羅希), our deputy general manager, holds approximately 63.89% of Shanghai Yuhengxin and none of the other limited partners owns more than 30% of the partnership interest in Shanghai Yuhengxin.

To the best knowledge of the Directors, save as disclosed above, each of Shanghai Xiujun, Shanghai Yanding and Shanghai Yuhengxin, and each of their general partner and limited partners (as the case may be) is an Independent Third Party.

(2) See "— Pre-**[REDACTED]** Investments" and "— Capitalization of Our Company" above for details of other investors of the Company.

(2) Corporate Structure Immediately Following Completion of the [REDACTED]

The chart below sets out the corporate structure of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** are not exercised):



Note: Please refer to the notes to "— Corporate Structure Immediately Before Completion of The **[REDACTED]**" above.

OVERVIEW

Who We Are

We are a leading provider of power devices and audio ICs in China, and have established an integrated business structure covering design, production process development and sales, spanning across various end markets. Leveraging which, we focus on providing automotive, consumer electronics and energy and industrial, including AI data center power supply markets with power devices and audio ICs exhibiting high quality and strong endurance.

We are the only semiconductor company in China adopting a virtual IDM model to develop power devices and audio ICs, according to CIC. This allows us to achieve synergy between process development and manufacturing technological implementation, dynamic optimization of production capacity, and strong collaboration with foundries, resulting in a comprehensive set of competitive edges comprising technology definition power, effective control on supply chain, and quality control capability.

Our power device products serve as core components for electric energy conversion and circuit control, facilitating quality performance of power electronic devices in a wide range of mission-critical applications, including NEVs, AI data center power supply systems, and energy electrification. Leveraging our strong technology and innovation capability, we have passed relevant validation procedure and become a core supplier of many global leading automotive enterprises, exhibiting our leading technology position in automotive power device industry in China. In the meantime, we provide audio ICs, including MEMS products and signal chain ICs, where, by incorporating advanced algorithm, we can effectively satisfy complex audio processing needs of a great variety of smart devices, covering audio signal acquisition, conversion, processing.

Our Competitive Strengths

A Leading Domestic Power Device and Audio IC Provider Enjoying Strong Recognition among Top Industry Players and Carrying Successful Track Record of Capturing Opportunities arising from Industry Transitions

Currently, the world is transitioning from a development period characterized by electrification to a new era shaped by the pervasive integration of AI. This shift brings up strategic opportunities across three critical sectors, being automotive, energy and industrial and AI, where growing challenges of managing increasingly sophisticated power transmission and signal conveyance continue driving strong market demands for our two product categories, namely, power devices and audio ICs.

The automotive sector accounts the largest share of the global power device market. According to CIC, the global market size for power devices in the automotive field grew from USD7.3 billion in 2020 to USD13.5 billion in 2024, representing a CAGR of 16.8% from 2020 to 2024, which is projected to reach USD24.5 billion by 2029, representing an expected CAGR of 12.7% from 2024 to 2029.

In the meantime, primarily due to stringent automotive-grade technical requirements and extensive customer validation processes in this sector, localization rate therein in China remains at a relatively low level. According to CIC, the localization rate for power devices in China's automotive field was less than 10% in 2024. Against this industry background, we have emerged to become one of the few domestic supplier in China for several globally renowned automotive customers, leveraging our leading technology capability and visionary R&D efforts based on profound market insight. Our key power devices, including SiC MOSFET products, Si MOSFET products and Si IGBT products, have been widely deployed in NEV's powertrain system, BMS, onboard charging systems, chassis management system, vehicle body control system, thermal management system, and ZCUs. As of the Latest Practicable Date, our products have been integrated into eight of the top 10 global NEV manufacturers and two of the top five global first-tier automotive component suppliers.

As the core infrastructure of the digital economy, global AI data centers are experiencing a surge in power supply together with growing challenges associated with proper power supply management for training and computing tasks resulting in peak and valley cycle. As a result, this sector becomes one of the fastest-growing market for power devices. According to CIC, the global market size of power devices for AI data centers was USD700 million in 2024, and is expected to achieve a CAGR of 23.9% from 2024 to 2029.

Given the critical need to ensure data processing security and reliability, power devices deployed in AI data centers must endure challenges associated with high performance and frequency, while ensuring strong reliability and quality. However, according to CIC, the localization rate for power devices in China's AI data center power supply market was approximately 20% in 2024, exhibiting high entry barriers and technological challenges in this sector, while implying huge growth potential, particularly driven by the industry trend seeking supply chain localization that generally brings improved response time and cost efficiency. Leveraging our superior product quality and profound technological expertise, we offer a comprehensive portfolio of power device products tailored for AI data center applications. As of the Latest Practicable Date, we are one of the few domestic power device manufacturers that have achieved mass production capabilities for this sector and our solutions have been successfully adopted and mass-produced by leading global AI data center customers placing us a favorable position to capture growth opportunities in both primary and secondary power supply sectors within the data center market.

AI is reshaping human-computer interaction, with audio interaction serving as a critical control interface for intelligent terminals given its convenient nature. With the rapid development of smart hardware, the application landscape for audio interaction continues to expand, covering consumer electronics, automotive and AI human-computer interactions. According to CIC, the global audio ICs market size, measured by revenue, grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8% from 2020 to 2024. It is projected to reach USD10.0 billion by 2029, representing an expected CAGR of 4.8% from 2024 to 2029. In particular, the robotics sector is anticipated to be the fastest-growing application area. We have already set successful track record by offering comprehensive audio IC products including MEMS products and signal chain ICs, that are customized for robotics applications. Leveraging our complete product portfolio and strong technical capabilities, shipment volume of our MEMS microphone ICs reached 1.2 billion in 2024. According to CIC, in terms of shipment volume of MEMS microphone ICs in 2024, we ranked first in China and third globally. As of the Latest Practicable Date, we have become a supplier to multiple leading global smart device manufacturers.

Furthermore, capitalizing on our comprehensive product offerings, platform-based process development capability, and premium market reputation on product quality, we have also established strong presence in markets such as charging piles, smart home appliances, photovoltaic energy storage and consumer electronics, where we have successfully achieved large-scale mass production for many leading enterprises in relevant industries.

The Sole Virtual IDM Model Operator in the Power Device and Audio IC Industry in China, Holding a Stable and Efficient Collaboration Ecosystem

We have adopted virtual IDM model since our inception, and have successfully established a stable and highly efficient collaboration ecosystem and strategic synergies with United Nova Technology Co., Ltd (芯聯集成電路製造股份有限公司) ("**UNT**"), one of our shareholders. Based on our strong cooperative relationship, UNT has made a minority equity investment in us through Shanghai Xinlian Enterprise Management Partnership (Limited Partnership) (上海芯聯企業管理合夥企業(有限合夥)), which was subsequently transferred to Shanghai Xinlian Qichen in 2025, to deepen strategic collaboration and establish a stable upstream and downstream industrial ecosystem, while considering our promising development prospects. For details, see "History, Development and Corporate Structure — Major Shareholding Changes of Our Company". According to CIC, as of the Latest Practicable Date, we were the sole virtual IDM operator in the power device and audio IC industry in China. We benefit from our virtual IDM model that allows us to maintain effective control on critical proprietary process technologies, while leveraging foundry ecosystems for cost-efficient scaling and achieving mitigating supply chain risks through outsourced standard manufacturing, enabling us to optimize product platforms across various voltage ranges, from low to medium and high voltage, tailored to different application scenarios. In addition, this strategic positioning allows us to excel in fast-evolving, customization-driven sectors such as automotive, energy and industrial and consumer electronics, where rapid hardware iteration and application-specific optimization are key competitive factors among considerations for cost, performance, and reliability. Furthermore, by deeply integrating external high-quality foundry, packaging, and testing resources, we have established a platform-based operational system driven by seamless collaboration between product design and manufacturing. This allows us to enjoy strong control on process and product consistency, with significantly improved yield rate, while ensuring enhanced efficiency for utilizing new platforms.

According to CIC, UNT is a global leading wafer foundry. In terms of revenue in 2024, UNT ranks among the top 10 global custom wafer foundries and is the fourth-largest in PRC. In the field of power devices, UNT is the one of largest production base for automotive-grade IGBTs in PRC. Its SiC MOSFET shipments consistently hold a leading position in Asia. In the Audio IC sector, UNT ranked second among global MEMS microphone manufacturers in terms of shipment volume in 2024 and is the only PRC-based MEMS foundry to have entered the global top five. Our stable collaboration with UNT has enabled us to establish significant advantages in supply chain robustness, process technology, operational efficiency, product yield and consistency:

- **Strengthen and Consolidate Our Supply Chain.** Through our strategic collaboration with UNT we are able to achieve coordinated planning and deployment of production capacity in advance, allowing us to effectively mitigate risks associated with market volatility in a dynamic way and ensuring stable product supply.

- **Enhance Process Technology Through Cooperative R&D Efforts.** In developing our R&D projects, we closely cooperate with UNT with particular focus on developing customized process techniques that can effectively break through limitations of standard foundry technologies, thereby enhancing product performance. In doing so, we are able to become a major customer for UNT's key product lines, including SiC, super-junction MOSFETs, SGT, and MEMS products, where we also advised UNT on the finetune procedures of its automotive-grade production line processes and development of its quality management systems. This collaboration strengthened distinctive competitiveness of our products, enabling us to penetrate into emerging sectors with strong growth potential, including automotive and AI data centers.

- **Enhance Operation Efficiency.** Leveraging our customized process capabilities, we are able to collaborate with UNT to design tailored production capacity allocation and batch verification solutions based on specific process requirements of different product lines. This effectively shortens the engineering-to-mass production cycle and product design iteration cycle, enhancing our responsiveness to diversified customer demands. For example, the delivery cycle for a SiC MOSFET product developed in collaboration with UNT is notably shorter than the industry average, according to CIC. The design iteration cycles for our SGT and SiC products are as low as two to three months and three to four months, respectively, surpassing the industry average.

- **Improve Product Yield and Consistency.** Through design integration and a joint debugging mechanism for key process nodes, we have established full-process quality traceability and dynamic optimization through collaboration with UNT's manufacturing operations. For instance, our self-developed SiC process has achieved an average yield of over 90%, significantly exceeding the industry average yield, according to CIC.

Capitalizing on Our Process Platform, We Offer Comprehensive Product Portfolio Addressing Diverse Market Needs

According to CIC, we are one of the most comprehensively positioned power device platform companies in China. Our power device products cover specifications ranging from medium-low voltage 25V–200V to high voltage 650V–2,300V, providing complete solutions spanning both Si and SiC technologies. By tailoring product combinations to specific customer application needs, we offer one-stop power device solutions for diverse downstream markets, including automotive, consumer electronics, and energy and industrial applications.

- **SiC Power Devices:** Our SiC power device portfolio covers mainstream voltage ratings from 600V to 2,300V, bridging the gap in domestic high-voltage SiC power device applications. These products meet the stringent performance requirements of critical applications such as new energy vehicle traction inverters and onboard chargers and AI data center servers. Our independently developed 8-inch SiC planar gate MOSFET products has completed full-process engineering verification, positioning us as pioneering domestic enterprise with 8-inch SiC MOSFET design capabilities.

- **Si Power Devices:** We offer a broad range of Si power device products, including IGBT, SGT MOSFETs and SJ MOSFET, which are primarily deployed in applications such as charging piles, smart home appliances, and consumer electronics fast charging. According to CIC, full range of our latest-generation Si power devices have achieved globally leading performance in key metrics such as efficiency and yield rate.

Furthermore, we provide signal chain IC products addressing audio signal processing needs in edge-side AI applications, comprising MEMS microphones, ADC/DAC and codec. Our offerings cover the entire audio signal processing chain from audio signal acquisition and conversion to processing and algorithm integration, enabling broad applicability in smartphones, tablets, headphones, automotive systems, wearable devices, smart home appliances, and smart toys. Incorporating advanced AI algorithm technology, our products deliver comprehensive audio processing capabilities tailored to the diverse needs of intelligent devices.

Advanced Design Process and Stringent Quality Control Ensuring Stable Delivery of Quality Products with Highly Reliable Performance

Capitalizing on our extensive expertise in the design, manufacturing processes, and applications of power devices and audio ICs, certain of our products have achieved or even surpassed key performance benchmarks of international competitors, according to CIC. To further ensure performance and consistency of our products, we have also established an end-to-end quality control system that expand from design stage, to manufacturing operations, and further to verification procedure, ensuring product reliability.

- **Si SGT MOSFET:** Our SGT MOSFET products cover the full 25V-200V mid/low-voltage range. Through customized epitaxial layers and optimized cell structures, combined with tailored manufacturing processes, our products can meet global leading performance standards. In particular, on the 25V, 30V, and 80V platforms, we offered products with global leading performance (extremely low on-resistance), according to CIC. In addition, our 40V and 80V devices can achieve titanium-level efficiency, the industry-leading high energy efficiency certification standard for server/data center power supplies, in server power supply synchronous rectification topology applications. These products, upon adding reverse recovery performance functions that are optimized through special processes, can realize soft recovery characteristics, further reducing power loss associated with switching ringing and enhance safety by suppressing voltage overshoot stress spikes. Leveraging our precision design of devices and paired processes, and quality packaging solutions, our SGT MOSFET products offer clients in automotive industry outstanding performance in terms of device performance, stability, and safety.

- **Si SJ MOSFET:** We adopt advanced device design and paired process to achieve improved performance, including (i) special device structure design to optimize dynamic losses; (ii) multi-epitaxial process technology enables precise layer structure control, charge balance optimization and optimized defect control; and (iii) enhanced device ruggedness and EMI performance, as well as circuit noise reduction. These features help to meet evolving requirements from customers on high efficiency and low EMI, making it suitable for a broad range of power supply applications. Our SJ MOSFET product portfolio covers 550–700V voltage ratings. Our SJ MOSFET products have attained global leading standards in critical parameters such as on-resistance and reverse transfer capacitance, according to CIC.

- **Si IGBT:** Our IGBT products feature trench field-stop technology across mainstream voltage ratings (650V–1,400V), with current handling up to 150A. In 2024, we launched 650V S3-T series products, that utilizes advanced micro-trench technology, achieving advanced current density levels within the industry in China as of the Latest Practicable Date, according to

CIC. In the same time, these products achieve the optimal balance between blocking voltage and conduction loss, and reach a conduction voltage drop (Vcesat) comparable to the latest generation products of the world's first-tier competitors, according to CIC. The backside of these products adopt carrier lifetime control technology to realize fast and soft turn-off of IGBT devices, reducing turn-off losses while effectively suppressing turn-off voltage stress.

- **SiC MOSFET:** Our planar SiC MOSFET products cover mainstream high-voltage specifications from 650V to 2,300V, utilizing planar gate technology and a highly reliable vertical device architecture. In particular, our G5 SiC MOSFET series, the latest series that we launched in 2025, achieve significant technological breakthroughs, reaching international advanced levels in specific on-resistance and parasitic capacitance. As a result, our products enjoy reduced turn-off overshoot and oscillation, significantly increased EMI margin, and high dV/dt tolerance capability, supporting high-speed switching applications. In addition, this platform has added a product series that supports zero-voltage turn-off, which can significantly improve its anti-crosstalk characteristics in half-bridge topology applications and simplify the design of drive circuits.

- **MEMS:** Our MEMS microphones employ a unique diaphragm texture design and venting structure, which maintain high sensitivity while enhancing sensitivity consistency and demonstrating superior mechanical properties. Through specialized backplate deposition and backside etching processes, noise is significantly reduced, and failures caused by charged foreign particles are minimized, resulting in devices with higher signal-to-noise ratio ("**SNR**") and stronger mechanical robustness. This technology advantages allows our products enjoy low power consumption, small size, high precision, excellent consistency, high reliability, and support for surface mounting.

Furthermore, we have successfully achieved groundbreaking 8-inch SiC MOSFET process technology, setting new industry benchmarks. One of the primary forces driving the evolution of SiC power devices is the ongoing migration to larger wafers. While 6-inch substrates remain the current market mainstream, demand for 8-inch substrates is progressively increasing. We have accurately captured the pivotal window for this transition from 6-inch to 8-inch substrates and invested in related R&D projects to take advantage of early-mover benefit. As of the Latest Practicable Date, our proprietary 8-inch planar gate SiC MOSFET has completed full-process engineering verification and achieved successful tape-out. This technological breakthrough signifies our position as one of the first domestic companies in possessing 8-inch SiC MOSFET design capability, leading to a substantial reduction in per-die cost compared to 6-inch wafers.

We have established a full-process quality system to prevent loss starting from product design. We adhere to the philosophy that "Design Defines Quality (設計即質量)". Leveraging the profound understanding of the dynamic interrelationship between device design and production processes afforded by our virtual IDM model, we have established an end-to-end quality control system that expand from design stage, to manufacturing operations, and further to verification procedure, ensuring robust product reliability. During the Track Record Period, the quality of our automotive-grade products has received reorganization and endorsement from top-tier automotive battery manufacturer.

- **Design Phase:** To properly identify and address potential failure risks, we integrate redundant design of critical device units, optimization of termination structures, and control of parasitic parameters in producing our layout design. Combing rigorous execution of design rule checking and verification, we are able to ensure our design achieve a dynamic balance among physical implementation, electrical performance, and manufacturing feasibility.

- **Manufacturing Phase:** Our unique virtual IDM model allows us to enjoy a strong synergy between device design and production processes, facilitating comprehensive, full-process quality traceability and dynamic optimization of our products.

- **Verification Phase:** In response to application-specific requirements, we implement customized dynamic device validation to precisely identify potential reliability risks under boundary conditions, thereby comprehensively verifying device robustness and dynamic stability. Concurrently, our stringent, full-process reliability testing ensures long-term product stability under extreme operating environments, including high temperature and high stress, providing solid quality assurance for applications in automotive, industrial, and premium consumer sectors.

We Have an Experienced Talent Team with Rich Experience in Semiconductor Industry and Enjoy Support from Shareholders Holding Strong Industry Background

We consistently uphold a customer-centric corporate culture, adhering to the philosophy of continuous innovation and the pursuit of excellence, aiming to impress our clients through our technology and products. This culture permeates every stage of our development and serves as the fundamental driver for the continuous innovation of our technologies and products. We believe talents are core competitiveness to achieve sustainable development in semiconductor industry, an intellectual-intensive sector, and have invested in recruiting and retaining experienced experts in line with our development strategy set by our management team since our inception. As of December 31, 2025, we had 66 R&D personnel, accounting for approximately 41.8% of our total employees, with approximately 53.0% of our R&D personnel holding a master's degree or above. Our core R&D team members are graduates of prestigious higher education institutions both in China and abroad, with an average of approximately 15 years of specialized experience in the R&D of power devices. This brings profound understanding and extensive experience within the industry. We are committed to industry-academia-research collaboration, having established cooperative relationships with leading institutions in China, fortifying our R&D capabilities in physics and failure mechanisms of power devices, as well as pioneering technologies in the design, manufacturing, and industrialization of high-reliability SiC devices.

Our core management team comprises seasoned professionals recruited from leading renowned enterprises within the semiconductor industry. The team has an average of over 15 years of industry experience, covering semiconductor market and sales activities, semiconductor design, manufacturing processes, and quality management. This provides solid support for the Company's technological advancements and business expansion. In particular, Dr. Guo, our founder and Chairman, possesses nearly two decades of comprehensive experience across the semiconductor industry chain. He has previously held positions at Shanghai Hua Hong NEC Electronics Co., Ltd., Semiconductor Manufacturing International (Shanghai) Corporation and Shaoxing Semiconductor Manufacturing International Corporation, Dr. Guo has accumulated profound expertise ranging from technological R&D to corporate management. He spearheaded our strategic planning and has led the team to achieve breakthroughs in core areas such as power devices and signal chains, demonstrating extensive capabilities in corporate operations and industry resource integration.

Recognized for our robust technological capabilities and proven track record in commercializing technology, we have secured strategic investments from leading investors with substantial industrial expertise, including UNT, Sanhua Holding Group Co., Ltd., Midea Capital, BAIC Group industrial Investment Co., Ltd, Wanxiang Group Corporation Ltd. and SAIC Motor Corporation Limited. We benefit greatly from their deep industry insights, significant market influence, and leadership in applying semiconductor technologies across relevant product domains. Leveraging this, we are able to stay ahead of market trends by accurately assessing R&D directions and planning product launches that effectively capture emerging opportunities driven by evolving industry demands, thus enhancing a solid foundation for sustainable development.

Our Strategies

Fully Embrace the Historic Opportunities Presented by the Development of the Automotive, Energy and Industrial sectors

According to CIC, the development of industries such as automotive, energy and industrial and the accelerated deployment of AI-driven intelligent data centers is driving the expansion of demand in the power device industry. The growth of power devices, both globally and in China, has entered a new phase of accelerated penetration. Furthermore, with the emergence and proliferation of an increasing number of AI-enabled end products, AI is anticipated to become a core driver and powerful engine for growth in the audio IC industry. We are fully embracing the historic opportunities presented by the development of the automotive, energy, and AI data center sectors, implementing our strategy to "Pioneer Product Innovation and Expand Our Ecosystem Footprint". Specifically:

- **Product Innovation.** We intend to closely follow the evolving market demands driven by automotive electrification and intelligence, the need for AI computing power, and the rapid development of end-user equipment. Through both organic growth and strategic extensions, we will proactively develop cutting-edge technologies and products characterized by high efficiency, high reliability, high integration, and advanced capabilities. This approach is designed to fully capitalize on the historic commercial opportunities arising from advancements in the automotive, energy, and artificial intelligence sectors.

- **Ecosystem Expansion.** We will collaborate closely with upstream and downstream partners to jointly build a robust ecosystem. This initiative is designed to further enhance customer loyalty and strengthen our strategic influence within the industry's value chain.

Continuously to Improve the Virtual IDM Model, Increase R&D Investment, and Drive Technological Innovation

To solidify the leading position in the domestic power device and audio IC industry, we are committed to continuously enhancing our virtual IDM model, increasing R&D investment, and driving technological innovation to improve our capabilities and operational efficiency.

- **Collaborative process innovation.** Our expertise in IC design, production processes, and application solutions, combined with deep collaboration across these domains, forms the foundational capability that enables us to deliver superior products. This integrated approach significantly enhances our market responsiveness and commercial flexibility. We plan to further deepen our strategic partnerships with foundries to foster collaborative product development and process technology optimization. This ensures precise alignment with our product technology roadmap, such as jointly exploring superjunction SiC MOSFET, ultra-high voltage SiC IGBT, and bidirectional enhancement-mode GaN FET process technologies with our foundry partners to enhance product performance and reliability.

- **Efficiency Enhancement Mechanisms.** We plan to further elevate our collaboration efficiency with foundry partners through deepened information sharing and feedback, comprehensive capacity cooperation, and robust data confidentiality and mutual trust mechanisms.

Enrich the Product Portfolio, Enhance Product Performance, and Maintain Industry Leadership

In respect of power device sector, building upon our existing products including SiC MOSFET, Si IGBT, and Si MOSFET, we plan to continuously expand our third-generation semiconductor product lines, establishing a platform advantage centered on SiC and GaN to maintain our first-mover edge and leading position in power devices. Furthermore, driven by developments in the automotive and energy industries as well as new applications in the home appliance sector, power devices are increasingly evolving, towards modularization and integration. We plan to develop Intelligent Power Modules ("**IPM**") based on our core device strengths to consistently address industry needs. We will continue to enhance the performance of our power device products across three core fields, namely Automotive, Industrial, and Consumer. For automotive applications, we aim to improve product reliability, durability, and thermal performance for critical applications such as battery management, motor drives, and onboard charging, ensuring long-term stable operation in harsh environments while pursuing higher energy efficiency, faster response times, and stronger noise immunity. For energy and industrial applications, we focus on optimizing switching losses and reverse recovery characteristics to adapt to high-frequency, high-power, and high-efficiency scenarios such as server and telecommunications power supplies. For consumer electronics, we plan to prioritize high energy efficiency and compact packaging to enhance system power density and cost competitiveness, supporting high-frequency, high-efficiency, and miniaturized applications.

In respect of audio IC sector, we plan to leverage Si microphone IC as an anchor point to penetrate core sectors of the signal chain and build an edge-side intelligent closed loop. We intend to enrich our product matrix to include MEMS microphone ICs, codec, MEMS speaker ICs, and smart audio SoCs, strengthen our "Chip + Algorithm + Development Platform" ("芯片+算法+開發平台") business model, and increase R&D investment in audio ICs, algorithms, and software to provide customers with comprehensive edge-side intelligent audio solutions. We plan to focus on process upgrades and advance into the robotics ecosystem. Through ultra-low noise structural design, we will further achieve a leap in the signal-to-noise ratio performance of MEMS microphones; enhance edge-side AI capabilities (such as noise cancellation, voice wake-up, and sound source localization); and extend our technological reserves into the field of robotics.

Deepen Collaboration with Key Strategic Customers and Continuously Expand Our New Client

In respect of power device sector, our products have been integrated into eight of the top 10 global NEV manufacturers, two of the top five global first-tier automotive component suppliers, and two of the top five global AI data power suppliers. We will continue to deepen and solidify our cooperative relationships with globally leading automotive OEMs, renowned Tier-1 automotive component suppliers, and major customers in the global AI data center market. By delivering high-quality products with excellent performance, we aim to establish stable, long-term partnerships characterized by "Multiple Product Categories Per Customer". Simultaneously, we plan to focus on high-growth key industries, intensifying our efforts in sectors such as NEV and AI data centers while continuously exploring new customer opportunities to further strengthen our market position.

In respect of audio IC sector, our existing end customers already comprise four of the top five global smartphone providers. We plan to actively cultivate new customers while maintaining relationships with existing clients, focusing on end customers in AI, smart wearables, True Wireless Stereo ("**TWS**"), and other emerging sectors. Through this strategy, we aim to replicate our successful experience across a broader and more diverse customer ecosystem, enabling us to capture greater market share and optimize our customer portfolio structure.

Explore M&A Opportunities Within the Industrial Chain

Beyond organic growth, we intend to seek investments and acquisitions that can strengthen our overall competitiveness and fuel our long-term sustainable growth. Specifically, we plan to invest or acquire industry-related manufacturers that possess differentiated technological capabilities that can enhance our technology portfolio, or facilitate the expansion of our product offerings or the entry into new market segments, such as manufacturers specializing in power-related analog chip design products. This strategic move aims to enrich our product portfolio and enhance our market share. By integrating these external resources and opportunities with our existing strengths in innovation, product quality, and customer service, we aim to not only enhance our overall competitiveness and market share but also build a more diversified and resilient business model that can withstand industry cyclicality and drive sustainable, long-term growth for the benefit of our shareholders, customers, and other stakeholders.

Enhance Specialized Talent Development

We firmly believe that talent is the cornerstone of our core competitiveness and long-term development. As such, we place a strong emphasis on establishing a robust talent pipeline and enhancing organizational depth. To achieve this, we will continue to attract global talents by offering compelling incentive mechanisms and fostering an open, collaborative corporate culture.

In terms of technical personnel, we plan to continue to deepen our core technological capabilities by recruiting expert-level engineers and scientists specializing in power devices and audio ICs. In addition, we also plan to recruit top-tier talents in sales, supply chain management, and customer operations to provide robust support for our growth objectives.

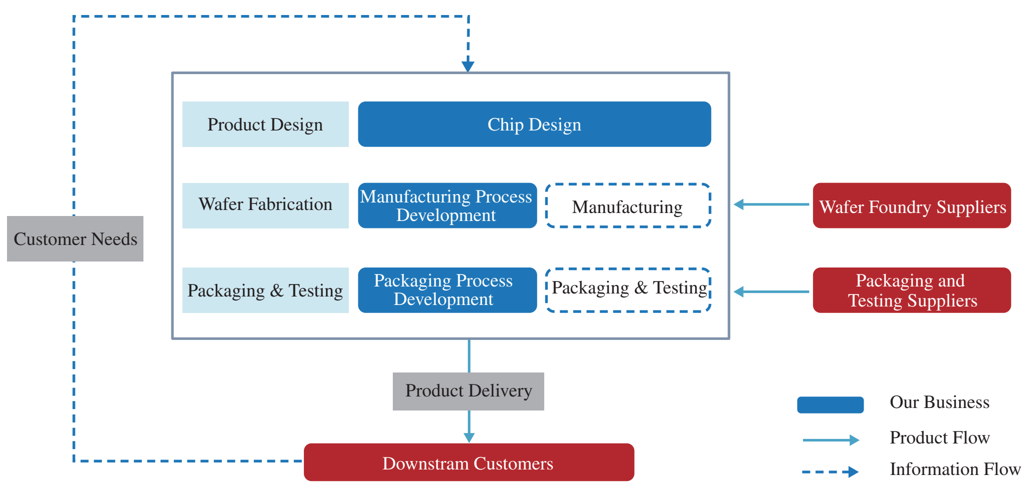
Through continuously strengthening our reserve of specialized talents, we are committed to achieving advancements in core chip technologies and delivering localized support to our global customers. This will enable us to adapt more flexibly and stably to the evolving global market landscape. Furthermore, this initiative will enhance our product competitiveness, facilitate our deeper integration into the global automotive electronics ecosystem, and strengthen our brand recognition and influence.

OUR BUSINESS

We are a leading provider of power devices and audio ICs in China, carrying successful track record of technology monetization thanks to our strong technology capabilities and deep insight on industry development trend built up upon our long-term experiences in serving many global leading enterprises.

We adopt virtual IDM business model where we focus on ICs and devices design as well as the development of proprietary process platforms, while outsourcing wafer production to foundries and ICs packaging and testing to third-party packaging and testing suppliers. Leveraging our strong technology capabilities and successful track record of commercialization, we have established long-term collaborative cooperations with our suppliers, allowing us to achieve synergistic optimization of design and process and successfully accelerate product iteration, as proven by our strong growth and market expansion during the Track Record Period.

The chart below illustrates our virtual IDM business model and parties involved in.

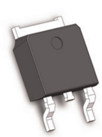
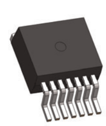


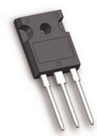
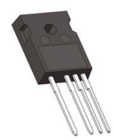
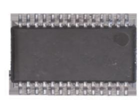
Our virtual IDM model diverges from the conventional IDM model and the fabless model across multiple dimensions, which significantly boosts our competitive edge in the power device and audio IC industry. For details, see"Industry Overview." Compared with the traditional IDM model, our virtual IDM model avoids the burden of managing capital-intensive manufacturing facilities by outsourcing wafers, thereby significantly reducing capital expenditures. This enables us to focus on IC design and sales, enhancing our operational flexibility and accelerating time-to-market. Meanwhile, we maintain control over critical proprietary process technologies, ensuring alignment between production and design for continuous product performance optimization. Compared with the fabless model, our virtual IDM model integrates proprietary process technologies into the foundry production process, allowing us to effectively control the production phase and ensure product quality and performance. Our virtual IDM model possesses, to a certain extent, process control capabilities, such as the ability to instruct foundries to conduct targeted process optimizations based on its proprietary process requirements, in contrast to the passive dependence on external capacity in the Fabless model. This not only mitigates supply chain risks but also leverages the foundry ecosystem for efficient capacity expansion, strengthening our market competitiveness.

We benefit from our virtual IDM model, which allows us to maintain effective control on critical proprietary process technologies, while leveraging foundry ecosystems for cost-efficient scaling and achieving mitigating supply chain risks through outsourced standard manufacturing. This approach excels in fast-evolving, customization-driven sectors, such as NEVs, AI data center infrastructure and power transmission, where it enables rapid hardware iteration and application-specific optimization.

Our Product Offerings

During the Track Record Period, we derived revenue primarily from designing, development and sales of (i) power devices, including both Si and SiC power devices; and (ii) audio ICs, including MEMS products and signal chain ICs, facilitating critical functions across a broad range of industries, including automotive, consumer electronics and energy and industrial. We have adopted a transaction-based model for our power device and audio IC products. The table below lists key products we offered during the Track Record Period.

Products	**Sample Picture**	**Key Application Scenario**
Power Devices		
Si Power Device — Low-to-medium voltage Si power devices		
Trench MOSFET		Our Trench MOSFET products specialize in high-frequency power conversion and synchronous rectification control, extensively deployed in consumer fast-charging adapters, motor drives for power tools, UAV power systems, automotive LED lighting, and low-voltage DC-DC converters.
SGT MOSFET		Our SGT MOSFET products offer clients in automotive industry outstanding performance in terms of device performance, stability, and safety.
Si Power Device — High-voltage and high-frequency Si power devices		
FRD products		Leveraging its fast reverse recovery characteristics, which effectively suppress reverse current and enable rapid turn-off, our FRD products are suitable for high-frequency switching applications, including those demand high-frequency freewheeling, rectification, and buffer circuits functions, such as onboard chargers for new energy vehicles, photovoltaic inverters, and industrial frequency converters, contributing to enhanced system efficiency and optimized power density.
SJ MOSFET		Our SJ MOSFET products are featured to meet evolving requirements from customers on high efficiency and low EMI, making it suitable for a broad range of power supply applications.

Products	Sample Picture	Key Application Scenario
Si Power Devices — Si IGBT		
Si IGBT		These product are widely accepted in applications such as industrial frequency conversion and major household appliances.
SiC Power Devices		
SiC MOSFET		Our SiC MOSFET products can achieve higher efficiency and reliability in automotive and industrial application fields.
Audio ICs		
MEMS		As the primary sound-capturing unit at the front end of signal chains, our MEMS microphones are extensively deployed in smart devices including wearables, tablets, speakers, AR glasses, headphones, and smartphones.
Signal chain ICs		Our signal chain IC products are extensively deployed in industries such as communications, automotive electronics, industrial control and medical equipment.

As of December 31, 2025, we offered approximately 1,855 Si power device product models, 266 SiC power device product models, 76 MEMS product models and 92 signal chain IC models available for sale.

The tables below set forth a breakdown of our revenue by products during the Track Record Period:

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Power devices	383,991	88.7	283,339	74.0	452,809	83.6
— Si power devices	368,737	85.2	262,108	68.5	335,074	61.9
— SiC power devices	15,254	3.5	21,231	5.5	117,735	21.7
Audio ICs	48,743	11.3	99,827	26.0	88,664	16.4
— MEMS	48,454	11.2	98,168	25.6	87,230	16.1
— Signal chain ICs	289	0.1	1,659	0.4	1,434	0.3
Total	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**

In 2023, 2024 and 2025, the value of orders we fulfilled was RMB432.7 million, RMB383.2 million and RMB541.5 million, respectively. As of December 31, 2025, our order backlog values is RMB418.9 million.

The following table sets forth our revenue generated during the Track Record Period in terms of the application sectors:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Automotive	145,293	33.6	57,371	15.0	204,781	37.8
Consumer electronic	104,301	24.1	220,998	57.6	249,855	46.1
Energy and industrial	183,140	42.3	104,797	27.4	86,837	16.1
Total	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**

Si Power Devices

Si power devices regulate key physical characteristics in electrical circuits — such as voltage, current, frequency, and switching states — to enable efficient power conversion, facilitating critical functions in energy conversion, distribution, detection and monitoring. These Si power devices play a critical role to ensure proper functioning electronic products, balancing efficiency, reliability, and cost across industrial, automotive, and consumer electronics applications. During the Track Record Period, we offer three main categories of Si power devices, comprising: (i) low-to-medium voltage Si power devices, primarily including Trench MOSFET and SGT MOSFET products; (ii) high-voltage and high-frequency Si power devices, primarily including FRD and SJ MOSFET products; and (iii) Si IGBT products.

Low-to-medium voltage Si power devices

During the Track Record Period, to address clients' need in low-to-medium voltage application scenarios, we offered Trench MOSFET and SGT MOSFET products, each represents a distinctive structural technology, enabling them to fit various application scenarios within the medium and low voltage range. Compared with Trench MOSFET, SGT MOSFET generally features lower switch loss and resistance, offering more stable performance. Act as voltage-controlled switches that efficiently manage power transfer in circuits where fast switching and minimal energy loss are critical, our products enjoy widespread applications across a diverse range of scenarios, including automotive (low-voltage applications including chassis, thermal management, low-voltage batteries, body control, domain controllers), AI data center power supplies, smartphone fast chargers, power adapters, industrial power supplies, power tools, small household appliances, and robotics.

Key highlights of our Trench MOSFET and SGT MOSFET include:

- *Trench MOSFET*. Through our proprietary deep-trench gate structure technology, we etch vertical trenches into Si wafers and form gates within them, achieving higher device cell density and superior conduction performance. Our products cover a voltage range of -40V to 100V, featuring million-level ultra-low on-resistance (Rds(on)) to effectively reduce conduction losses. Simultaneously, by optimizing gate charge (Qg) and output capacitance (Coss) design, switching losses are minimized and high-frequency operating efficiency is improved. The products support an industrial-grade operating temperature range of -55°C to 175°C and incorporate enhanced ESD protection design, ensuring long-term reliability in harsh application environments. In particular, this technology, combined with our proprietary process, can effectively facilitate high yield rates and stable mass production. Combined with our flexible capacity scheduling and comprehensive supply chain management, we possess significant cost-competitive advantages.

This series of devices specializes in high-frequency power conversion and synchronous rectification control, extensively deployed in consumer fast-charging adapters, motor drives for power tools, UAV power systems, automotive LED lighting, and low-voltage DC-DC converters. These high-performance cost-effective domestic solutions support compact and high-efficiency power design.

As of December 31, 2025, we offered 503 models of Trench MOSFET product.

- *SGT MOSFET*. Shielded Gate Trench (SGT) MOSFET is a special version of Trench MOSFET. By adding an internal gate shield electrode to further reduce conduction losses, it can achieve very fast switching and high current capability. Our SGT MOSFET products cover the full 25V-200V mid/low-voltage range. Through customized epitaxial layers and optimized cell structures, combined with tailored manufacturing processes, our products can meet global leading performance standards. In particular, on the 25V, 30V, and 80V platforms, we offered products with global leading performance (extremely low on-resistance) as of the Latest Practicable Date, according to CIC. In addition, our 40V and 80V devices can achieve titanium-level efficiency in server power supply synchronous rectification topology applications. These products, upon adding reverse recovery performance functions that are optimized through special processes, can realize soft recovery characteristics, further reducing power loss associated with switching ringing and enhance safety by suppressing voltage overshoot stress spikes. Our products boast titanium-level efficiency, which directly addresses the core green energy conservation needs of data centers and has become a key factor for customers in product selection. In customer applications within the data center power supply sector, the adoption of our MOSFET devices enables stable maintenance of high power supply efficiency within typical load ranges. This not only significantly lowers the heat dissipation requirements of power modules, helping customers reduce design costs and material investments related to heat dissipation systems, but also leverages the devices' favorable performance characteristics to effectively mitigate switching-related risks, reduce EMI noise, and enhance the operational reliability of the entire equipment. These performance advantages have made our products a core strength for customers in competing for large-scale data center power supply projects, supporting them in gaining an edge in terminal tenders.

  Leveraging our precision design of devices and paired processes, and quality packaging solutions, our SGT MOSFET products offer clients in automotive industry outstanding performance in terms of device performance, stability, and safety.

  As of December 31, 2025, we offered 778 models of SGT MOSFET products.

High-voltage and high-frequency Si power devices

During the Track Record Period, we primarily offer FRD and SJ MOSFET products to address clients' needs in high-voltage and high-frequency application scenarios, including automotive traction inverters, onboard chargers, photovoltaic inverters, energy storage converters, EV charging piles, industrial motor drives and industrial power supplies.

Key highlights of our FRD and SJ MOSFET products include:

- *FRD*. Our FRD products utilize advanced thinning technology and are manufactured on an 8-inch process platform, delivering excellent VF consistency that achieve 0.4V range, as well as positive temperature coefficient characteristics that facilitate parallel current sharing. In particular, our FRD products utilize optimized carrier lifetime control and backside doping technology to achieve nanosecond-level reverse recovery time, extremely low reverse recovery charge, and soft recovery behavior. This effectively reduces switching losses while mitigating EMI, generated during the reverse recovery process. The product series cover a forward current range of 3A to 200A and a voltage range of 650V to 1400V, supporting stable operation at junction temperatures from -55°C to 175°C.

  Leveraging its fast reverse recovery characteristics, which effectively suppress reverse current and enable rapid turn-off, our FRD products are suitable for high-frequency switching applications, including those demand high-frequency freewheeling, rectification, and buffer circuits functions, such as onboard chargers for new energy vehicles, photovoltaic inverters, and industrial frequency converters, contributing to enhanced system efficiency and optimized power density.

  As of December 31, 2025, we offered 67 models of FRD products.

- *SJ MOSFET*. SJ MOSFETs are field-effect transistors designed for medium-to-high voltage power conversion applications. Unlike traditional planar MOSFETs, they use a vertical doping structure (the "Super-Junction" structure), which significantly improves the breakdown voltage while maintaining low ON-resistance. This structural innovation enables an optimal balance between conduction loss minimization and switching speed, making them critical for high-efficiency, high-power-density systems.

  We adopt advanced device design and paired process to achieve improved performance, including (i) special device structure design to optimize dynamic losses; (ii) multi-epitaxial process technology enables precise layer structure control, charge balance optimization and optimized defect control; and (iii) enhanced device ruggedness and EMI performance, as well as circuit noise reduction. These features help to meet evolving requirements from customers on high efficiency and low EMI, making it suitable for a broad range of power supply applications. Our SJ MOSFET product portfolio covers 550–700V voltage ratings. Our SJ MOSFET products have attained global leading standards in critical parameters such as on-resistance and reverse transfer capacitance, according to CIC.

  As of December 31, 2025, we offered 285 models of SJ MOSFET products.

Si IGBT

IGBT, or insulated gate bipolar transistors, is a power device that combines the gate-drive simplicity of a MOSFET with the high-current handling capability of a bipolar transistor. It functions as a voltage-controlled switch for high-power applications, enabling efficient energy conversion with low conduction losses. Compared with ordinary Si MOSFETs, Si IGBT products hold distinct advantages in terms of high-power, high-voltage applications due to their hybrid semiconductor structure, making it a widely adopted conduction performance at voltages exceeding 600V. In addition, leveraging bipolar conduction mechanism that enables exceptional current density, Si IGBT power devices can reliably handle hundreds to thousands of amperes. This high-current prowess, combined with robust thermal stability, allows Si IGBT products to withstand harsh conditions like motor startup surges or short-circuit events without complex external protection circuits.

Si IGBT products still account for a significant market share in applications, particularly those prioritize high-voltage power handling and system costs over ultra-high frequency operations, including automotive traction inverters, automotive air compressors, photovoltaic inverters, energy storage converters, EV charging piles, industrial frequency converters and major household appliances.

Our Si IGBT products feature trench field-stop technology across mainstream voltage ratings (650V-1400V), with current handling up to 150A. In 2024, we launched 650V S3-T series products, that utilizes advanced micro-trench technology, achieving advanced current density levels within the industry in China as of the Latest Practicable Date, according to CIC. In the same time, these products achieve the optimal balance between blocking voltage and conduction loss, and reach a conduction voltage drop (Vcesat) comparable to the latest generation products of the world's first-tier competitors, according to CIC. The backside of these products adopt carrier lifetime control technology to realize fast and soft turn-off of IGBT devices, reducing turn-off losses while effectively suppressing turn-off voltage stress. It also has 10us strong short-circuit withstand capability and highly controllable dV/dt characteristics. These advantages make these product widely accepted in applications like industrial frequency conversion and major household appliances.

As of December 31, 2025, we offered 222 models of Si IGBT products.

SiC Power Devices

During the Track Record Period, we primarily offered SiC MOSFET products. Fabricated from SiC crystals, SiC MOSFET products outperform Si devices in terms of operating temperatures, voltage withstand, switching speeds and power losses. These properties make SiC power devices extensively deployed in application scenario demanding high-efficiency power conversion, including automotive traction inverters, automotive air compressors, onboard chargers, photovoltaic inverters, energy storage converters, EV charging piles, industrial motor drives, industrial power supplies in electric vehicles, renewable energy, and industrial systems.

We have achieved significant technological and market milestones in the SiC MOSFET sector. Our SiC MOSFET products have successfully entered supply chain of leading global automotive manufacturers. As the first domestic company with design capability for 8-inch SiC MOSFETs, we will launch a new generation of planar SiC MOSFET this year, featuring an industry-leading Rsp of 2.3.

Our planar SiC MOSFET products cover mainstream high-voltage specifications from 650V to 2300V, utilizing planar gate technology and a highly reliable vertical device architecture. In particular, our G5 SiC MOSFET series, the latest series that we launched in 2025, achieve significant technological breakthroughs, including (i) competitive specific on-resistance can match leading international peers through advanced process integration; and (ii) optimized structure and process design to lower capacitance while further decreasing Rsp. As a result, our products enjoy reduced turn-off overshoot and oscillation, significantly increased EMI margin, and high dV/dt tolerance capability, supporting high-speed switching applications. In addition, this platform has added a product series that supports zero-voltage turn-off, which can significantly improve its anti-crosstalk characteristics in half-bridge topology applications and simplify the design of drive circuits. With these advantages, our SiC MOSFET products can achieve higher efficiency and reliability in automotive and industrial application fields.

As of December 31, 2025, we offered 266 models of SiC MOSFET products.

MEMS

MEMS microphones convert sound waves into electrical signals through an integrated structure comprising a MEMS acoustic sensor and a low-noise application-specific integrated circuit ("**ASIC**"). The ASIC component exists in analog and digital variants, corresponding to analog and digital MEMS microphone types respectively. As the primary sound-capturing unit at the front end of signal chains, MEMS microphones are extensively deployed in smart devices including wearables, tablets, speakers, AR glasses, headphones, and smartphones.

Our MEMS microphones employ a unique diaphragm texture design and venting structure, which maintain high sensitivity while enhancing sensitivity consistency and demonstrating superior mechanical properties. Through specialized backplate deposition and backside etching processes, noise is significantly reduced, and failures caused by charged foreign particles are minimized, resulting in devices with higher SNR and stronger mechanical robustness. The structurally distinctive annular protective sidewall design decouples mechanical force transmission between the silicon substrate, backplate, and diaphragm, ensuring independent diaphragm behavior and vibration characteristics while effectively improving mechanical reliability.

Our MEMS microphones have the advantages of low power consumption, small size, high precision, excellent consistency, high reliability, and support for surface mounting. In applications, these devices operate continuously in complex environments. Since acoustic interaction necessitates an open operating environment, MEMS microphones face stringent requirements for mechanical reliability, wind resistance, protection against sudden sound pressure spikes, and waterproofing and dust resistance.

Leveraging our unique structural and process innovations built upon our strong technology capacity and rich industry experience, we managed to offer tailor-made solutions for various customers' stringent reliability standards. As of December 31, 2025, the shipment volume of our MEMS products reached 1.7 billion units, and our products are entering the supply chains of many global leading consumer electronic and audio product brands.

As of December 31, 2025, we offered 76 models of MEMS microphone products.

Signal Chain ICs

Signal chain ICs are integral components in electronic systems, bridging the physical and digital worlds. These chips focus on the receiving, conversion, processing and transmission of analog signals. Their functions typically include a variety of components such as amplifiers, filters, ADCs, DACs and interfacing protocol adaptation. They accounted for a significant market share in industries such as communications, automotive electronics, industrial control and medical equipment.

During the Track Record Period, our signal chain IC products primarily consisted of ADC/DAC and codec. Our products are deployed in AI-powered smart devices such as automotive smart cockpits, and robotics. These products can be combined with MEMS microphone ICs to form comprehensive audio IC solutions.

As of December 31, 2025, we offered 92 models of signal chain IC products.

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities are essential for our sustainable development and success. We set our R&D strategic position to focus on (i) research on fundamental science with the aim to build up a platform-based technology portfolio to enable coordinated R&D across multiple product lines; (ii) technological solutions that tailored to address industry and client specific challenges or demands, and (iii) continuous product optimization and iteration that are critical for us to achieve sustainable leadership.

Fundamental science research

In arranging our fundamental science R&D, we strived to ensure all major product lines can share common wafer fabrication partners, unified packaging and testing standards, and automotive-grade reliability models, thereby reducing redundant R&D investment.

- In relation to power devices, we set R&D focus on (i) materials and structural innovations, where we invested in developing and continuously improving a comprehensive portfolio of material, device, and process models, covering all key procedures from epitaxial deposition, chip design, and process fabrication to optimize static/dynamic characteristics. In addition, we pay particular attention to ensure optimizing key functionalities like static/dynamic characteristics, conduction losses, and thermal stability; and (ii) electrical analysis and reliability, where we set stringent testing and reliability models for automotive-grade chips, enabling wafer-level traceability and end-to-end process control from fabrication to packaging, ensuring compliance with the AEC-Q101 standard.

- In relation to MEMS microphone products, we set R&D focus on (i) MEMS integration, where we research on micromachining techniques that can integrate sensors and tightly coupled ASIC signal processing chips, optimizing area, sensitivity, and noise characteristics to support applications in complex and harsh environments; and (ii) development of multi-physics simulation platform, where we develop and improve coupled acoustic-mechanical simulation tools enabling predictive validation of prototypes' acoustic performance and physical characteristics through structural and process simulations.

- In relation to audio signal chain chips, we set R&D focus on developing (i) standardized digital audio interfaces that utilize low-latency, low-noise digital signal transmission architectures with integrated ADC/DAC modules to reduce reliance on analog circuits; and (ii) an audio pipeline development framework that can support third-party algorithm porting and pipeline orchestration, enabling modular integration of noise cancellation, audio codec, and other functions.

Customized technological solutions

We closely study key challenges in the end market and specific technological demands of our customers, based on which, we invested in R&D efforts to bring customized solutions that can accurately address particular demands from relevant customers, creating and enhancing customers' loyalty.

- In relation to power devices, we focus on demands from clients engaging in alternative energy and NEVs industries to develop customized process for key strategic customers, and set industry-specific product series to address different demands from automobile, industrial and consumer electronics industry players, while setting scenario-specific standards for product series taking into requirements under highly diversified using scenarios therein. In addition, we have established an in-house CNAS-accredited laboratory, developing application-specific test platforms for scenarios including traction inverters, OBCs, BMS, server power supplies, and charging piles. This significantly streamlines customer certification processes.

- In relation to audio ICs, we noted an industry trend more and more emphasizing on edge AI functions, expanding from focusing on performance improvement for consumer electronics. In line with this trend, we set R&D focus on (i) acoustic performance enhancements, targeting clearer voice signal capture and reduced total harmonic distortion, supporting high-definition recording, conference systems, remote pickup, and voice wake-up applications; (ii) edge AI application support where components shall serve a physical-layer acoustic interface, providing low-latency audio input channels for TWS earphones and smart home devices, enabling deployment of on-device voice recognition algorithms; and (iii) lightweight development model, where our proprietary MEMS-ASIC co-design platform can effectively reduce tape-out cycle time.

Rapid product iteration

The iteration of our products enables us to improve product reliability and manage cost effectively, as well as to expand the product portfolio and diversify application areas. To advance our R&D, we have built a continuous optimization mechanism rooted in closed-loop data analysis and cross-industry collaboration. This system enables rapid iteration of products, technologies, and process platforms through market-driven development tightly guided by user feedback.

In particular, we set a big data platform for failure analysis, which reverse-feedback field failure data from customer systems (like electric vehicle powertrains, photovoltaic inverters), such as IGBT gate oxide degradation and SiC MOSFET gate deterioration, to the chip design process. This enriches and expands product development DFMEA, PFMEA, and lessons learned, enhancing product performance and reliability.

In addition, we established a multi-physics simulation-measurement closed-loop system: using collaborative simulation platforms such as technology computer-aided design and simulation program with integrated circuit emphasis, we enable comprehensive validation of thermal, mechanical, and electrical performance from chip to system level. Model accuracy is continually calibrated based on physical test data, narrowing avalanche energy simulation error from ±20% to ±5%.

In addition, we established a multi-physics simulation-measurement closed-loop system, enabling us to use collaborative simulation platforms such as technology computer-aided design and simulation program with integrated circuit emphasis, to conduct comprehensive validation of thermal, mechanical, and electrical performance from chip to system level. As a result, we can narrow avalanche energy simulation error in a highly efficient way, through continually calibrating model accuracy based on physical test data.

During the Track Record Period, our research and development activities are primarily conducted in-house, with external collaborations serving as supplementary support for specific aspects of product development on a limited basis, including (i) reputable academic institutions for testing and reliability evaluation of certain products, and (ii) technology companies and design service providers for specific implementation tasks such as audio algorithm development, testing and chip layout design. Such external engagements are limited in scope and mainly relate to validation, testing or implementation-level work, and do not involve the development of our core technologies. The salient terms of our collaboration agreement are set out below:

- ***Intellectual Property***: All the resulting intellectual properties of the project belong to us. The engaged party would not infringe third parties' intellectual properties for performance of its obligations under the agreements, and if any third party alleges that our technology infringes its rights, the engaged party shall provide complete evidence to demonstrate that such technology does not infringe upon any third party's legitimate rights and interests.

- ***Confidentiality***: The engaged party is responsible for keeping strict confidentiality of all the information provided by us, and would be responsible for any breach of confidentiality. The confidentiality clause applies for five years from the provision of information.

- ***Termination***: The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

R&D Team

We have established a dedicated R&D team comprising 66 members as of December 31, 2025, approximately 41.8% of whom held a master's degree or above. Through long-term dedication, they have accumulated comprehensive know-how in product design and process development across power devices and signal sensing. Capitalizing on combined expertise in power devices, and audio IC R&D, process development, and volume production management, our R&D team positions us as one of the few domestic providers in China that are capable of delivering end-to-end industry solutions. During the Track Record Period, our R&D expenses amounted to RMB68.5 million, RMB59.2 million and RMB72.1 million, respectively, accounting for 15.8%, 15.4% and 13.3% of our total revenue for the respective periods.

We place a strong emphasis on talent recruitment and retention. We recognize that talents are key to our future success and sustainable growth. We retain key management and technical staff with competitive remuneration packages and welfare benefits, and share incentive plans. We also invest in training programs to upskill our key management and technical staff. We have entered into non-competition agreements, and included confidentiality, invention assignment, and non-competition clauses in the employment contracts with our key technical staff.

In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us. We also recruit candidates with relevant knowledge and skills by online recruitment, internal referrals and employment agencies, among others, to avoid the negative impact that could be caused by the departure of any key staff. The salient terms of agreements with management and technical staff are set out below.

No conflict	During the employment, employee shall not engage in any other job, whether full-time or part-time.
Inventions arrangement	We shall own all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, sui generis database rights and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, mask works, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by the employees during the term of the employment contract to the fullest extent allowed by applicable laws and the employee shall promptly disclose all inventions to us.

Non-competition We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, employee shall not engage in any competitive behavior.

Confidentiality During the employment, except as necessary to perform their duties, and for all time thereafter, employees shall not, without our prior written consent, disclose, divulge, announce, publish, impart, transfer or otherwise make known to any third party, or in any way use any information, such as technical and trade secrets, belonging to us or belonging to any other party for which we have a duty of confidentiality.

During the Track Record Period and up to the Latest Practicable Date, we did not have any legal claims or proceedings that may have a material adverse impact on our key R&D programs and business operations.

Key R&D Programs

As of the Latest Practicable Date, our key on-going R&D projects are set out below:

Product/ Technology	Key Features	Key Applications	Status	Expected Completion Timetable
High-reliability SJ MOSFET	A 12-inch automotive-grade SJ MOSFET featuring superior FOM wide SOA capability.	Onboard chargers, server power supplies and EV charging piles. With a reduced application footprint, and higher efficiency, it significantly enhances overall system efficiency and service life.	Pilot production	Fourth quarter of 2026
Audio Codec	High-fidelity audio acquisition and processing, ultra-low power consumption and sound source separation algorithms	Robotics, smart speakers and AI assistants. In particular, utilizing this product, multi-party conference robots or home robots are capable of simultaneously processing speech from multiple speakers and separating their individual voice streams, enabling natural interaction through multi-person conversations.	Under reliability assessment	Second quarter of 2027

Product/ Technology	Key Features	Key Applications	Status	Expected Completion Timetable
High-frequency, high-efficiency SiC MOSFETs	A high-frequency, high-efficiency SiC MOSFET based on a sixth-generation automotive-grade 8-inch process platform, achieving a 20% reduction in specific on-resistance (Rsp) compared to the previous generation. It supports ultra-high switching frequencies and demanding operating conditions with high dV/dt, features enhanced immunity to gate crosstalk to ensure stable zero-voltage turn-off, and delivers improved robustness and reliability in high-voltage applications.	On-board chargers, motor drive systems, traction inverters, AI data center power supplies and ultra-high-efficiency charging stations	Under reliability assessment	Fourth quarter of 2026
Uncompromising performance Si-IGBT	A 650V S4 platform IGBT leveraging a reduced cell pitch to break through performance limitations, offering high power density and an optimal balance between low conduction loss and high switching speed.	Energy storage systems, photovoltaic systems, automotive applications and welding equipment. It delivers comprehensive optimization in terms of power loss and reliability, meets the stringent requirements of automotive and industrial applications, and enables system miniaturization and overall performance enhancement.	Under reliability assessment	Fourth quarter of 2026
SGT MOSFETs with ultra-low on-resistance and excellent dynamic switching performance	Based on advanced 12-inch process platform, achieving a reduction of over 20% in Rsp compared to the previous generation. It supports advanced packaging designs such as double-sided cooling and source-down configuration, optimizing heat dissipation and reducing device losses. This enhances system-level thermal management, improves power density and enables more compact circuit design, while reducing switching losses to support higher-frequency operation and high efficiency.	Motor drive systems, microinverters, AI server power supplies and DC-DC power systems	Under reliability assessment	Fourth quarter of 2026

R&D Process

Our R&D process is conducted in accordance with our advanced product quality planning management procedures, ensuring the highest levels of quality and reliability in our products. This process encompasses several critical phases:

- ***Planning:*** The marketing department initiates the demand for new products. The R&D department is required to complete competitive product analysis and technical feasibility assessment, with participation from departments such as packaging and applications in a joint review. The cross-departmental signing of meeting minutes and research and argumentation minutes, along with the approval of the project plan and product assurance plan, completes the initiation and allows the project to enter the design phase.

- ***Product design:*** The product design phase is based on the design review prepared by R&D department, which comprehensively covers product specifications, layout design key points, packaging solutions, and test plans. This document is subject to joint review by the marketing department, packaging department, quality department, laboratory, and other relevant parties. The product design process requires the completion of an effective Design Failure Mode and Effects Analysis report, the initial version of the test program, and clearance of intellectual property rights risks.

- ***Process design:*** The R&D department takes the lead in formulating the wafer fabrication processing schedule. Wafer input is contingent upon the conclusions of the design review and the validation results of the initial test program. The R&D Department can only initiate the process verification batch input when the wafer test report meets the design objectives. The packaging segment is coordinated by the Operations Packaging Department, which oversees material availability and trial production scheduling. The precondition for initiating packaging is obtaining an updated packaging evaluation report, the final BD drawings, and the signed-off Test key instruction manual.

- ***Validation:*** After the laboratory completes ATE testing and issues test and reliability verification reports, the Product Department must confirm that all test data meet the standards and that there are no unresolved FA issues. The R&D Department submits a full-cycle technical documentation closure proof, the Quality Department confirms process changes are controlled, and the Operations Department commits that mass production resources are ready. Mass production entry requires signing the Mass Production Review Form and meeting mass production standards. The Product Line Engineering Improvement Department then takes over yield monitoring and customer complaint response, completing the handover from R&D to mass production.

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we had received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Year of Award	Awards and Recognition	Issuing Authority/Institution
2025	2025 China Automotive Chip Innovation Achievement Award — SiC MOSFET	China Association of Automobile Manufacturers
2024	2024 Shanghai Key Service Unicorn (Potential) Enterprise	Shanghai Small and Medium Enterprises Development Service Center
2024	2024 The 33rd China Innovation and Entrepreneurship Competition Disruptive Technological Innovation Competition — (Field Competition) Excellent Project	China Innovation and Entrepreneurship Competition
2024	Shanghai Science and Technology Little Giant Enterprises	Shanghai Municipal Science and Technology Commission, Shanghai Municipal Commission of Economy and Informatization, and Shanghai Municipal Finance Bureau
2024	Evaluation of scientific and technological achievements — SiC MOSFET reaches the "internationally advanced" level	Shanghai Technology Exchange Co., Ltd.
2024	2024 "China Chip" Excellent Technological Innovation Product Award — SiC MOSFET	Ministry of Industry and Information Technology Research Institute of Electronics and Information Industry
2023	Shanghai Design Innovation Center (2024–2026)	Shanghai Municipal Commission of Economy and Informatization
2023	High-tech Enterprise	Shanghai Municipal Commission of Science and Technology
2023	Shanghai Enterprise Technology Center	Shanghai Municipal Commission of Economy and Informatization
2023	National-level "Professional, Sophisticated, Specialized and Novel" Little Giant Enterprise	Ministry of Industry and Information Technology

Year of Award	Awards and Recognition	Issuing Authority/Institution
2022	Pudong New Area R&D Institution	Shanghai Pudong New Area Commission of Science, Technology and Economy
2022	Shanghai Professional, Sophisticated, Specialized and Novel Enterprise (March 2023–February 2026)	Shanghai Municipal Commission of Economy and Informatization
2022	Shanghai Science and Technology Little Giant (Cultivation) Enterprise	Shanghai Municipal Commission of Science and Technology
2022	2022 Second Prize in the Enterprise Group of the 2022 "Maker China" Shanghai Innovation and Entrepreneurship Competition	Shanghai Municipal Commission of Economy and Informatization
2022	2022 Shanghai Key Service Unicorn (Potential) Enterprise	Shanghai Small and Medium Enterprises Development Service Center
2022	Excellent Case of 21st Century "Sci-Tech Innovation Star" High-Competitivity Enterprise in 2022	Southern Finance Omnimedia Group
2022	2022 Pudong New Area Innovation and Entrepreneurship Award	People's Government of Shanghai Pudong New Area
2022	2022 Shanghai's Top 50 Most Investment-Worthy Startups	Shanghai International Equity Investment Fund Committee

OUR SALES NETWORK

During the Track Record Period, our products were primarily sold directly to customers in China. We do, to a less extent, engage distributors for sales to leverage their competitiveness in customer relationship, sale network coverage and penetration in selected market regions. The following table sets forth the breakdown of our revenue by sales channel for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct Sales	304,331	70.3	278,188	72.6	396,798	73.3
Distribution	128,403	29.7	104,978	27.4	144,675	26.7
Total	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**

Direct Sales Channel

During the Track Record Period, we conducted direct sales to many customers engaging in semiconductor and consumer electronics industries. In 2023, 2024, and 2025, revenue from direct sales amounted to RMB304.3 million, RMB278.2 million and RMB396.8 million, representing 70.3%, 72.6% and 73.3% of the total revenue for the same periods, respectively. We benefit from direct sales by getting direct access to customers' requirements which serves to strengthen customer relationship.

The following table sets forth a summary of the salient terms of our standard agreements with direct sales clients.

Duration	The term of our agreements with customers typically ranges from one to three years, with some of these agreements being long-term valid ones.
Payment and credit term	For sales and purchase agreements, we settle payments per mutually agreed terms and timeline, typically via T/T with a one- to two-months payment terms.
Pricing	We usually determine the price based on the products and services agreed in the purchase orders or quotations confirmed by both parties.
Logistics	The supplier shall usually deliver the goods on time in accordance with the provisions of the contract and purchase orders, and bear the relevant transportation costs.
Transfer of risk	The risk of loss or damage to the products is transferred upon the buyer's confirmation of receipt; the supplier shall bear the risk of damage to or loss of the products occurring during transportation.
Product return	Product returns are allowed only for products that fail to meet the buyer's requirements or are of substandard quality.
Warranty	We have specified in the contract the liabilities for product quality warranty and breach of contract, as well as the obligations to comply with intellectual property rights and maintain confidentiality.
Termination	Agreements can be terminated upon contract expiration, by mutual agreement, or due to significant breach by counterparties.

Distributors

In line with market practice, during the Track Record Period, we also engaged distributors to conduct sales, through which, we benefit from their channel resources and service expertise to achieve quick market expansion and penetration in a cost-efficient way. During the Track Record Period, our relationships with our distributors are seller-buyer relationships. During the Track Record Period, our revenue generated from sales to distributors were recognized upon control of the products transferred to the distributors.

As of December 31, 2023, 2024 and 2025, we engaged 93, 92 and 81 distributors, respectively. In 2023, 2024 and 2025, our revenue generated from sales to distributors amounted to RMB128.4 million, RMB105.0 million and RMB144.7 million, respectively, accounting for 29.7%, 27.4% and 26.7% of our revenue generated from the product sales of the same periods.

The following table sets out the number of our distributors and their movements for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
As of the beginning of the period	39	93	90
Additions of new distributors	57	27	16
Terminations of existing distributors[1]	3	30	25
As of the end of the period	93	90	81

Note:

(1) represents distributors that did not contribute revenue to us during the corresponding year.

In 2023, 2024 and 2025, the number of our distributors at the end of respective period was 93, 90 and 81. The number of distributors at the end of the period decreased to 81 as of December 31, 2025, mainly reflecting the replacement of certain distributors, which demonstrates our ongoing efforts to optimize our distribution network.

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, our subsidiaries, their shareholders, directors, senior management or any respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates.

In line with market practice, we primarily enter into standard distribution agreements with our distributors, which are sales and purchase agreements in nature. The following table sets forth a summary of the salient terms of our standard distribution agreements with offline distributors:

Duration	The term of our agreements with distributors typically ranges from one to two years.
Pricing policy	The distributors shall specify the end customer's name, unit price, and total price in the order.
Payment and credit terms	The cooperative payment method shall be separately negotiated by both parties, and any changes to account extension and payment terms shall be subject to confirmation via email.
Minimum purchase requirements	We generally require that each order quantity of the distributor shall not be less than the standard minimum order quantity of the product previously announced by the supplier. We generally do not require the distributor to maintain a minimum inventory level.

Sub-distributorship arrangement	We generally do not allow distributors to engage sub-distributors. During the Track Record Period and up to the Latest Practicable Date, to the best acknowledge of our Director, our distributors did not engage any sub-distributors.
Transfer of risk	Distributor generally bears the risk of loss or destruction of the products from the date its designated consignee receives the products under each order, except for quality issues caused by production design or other similar factors.
Product return	Product returns are generally not specified in terms of circumstances in the agreements.
Termination	Distribution agreements can be terminated due to significant breach by counterparties.

During the Track Record Period and up to the Latest Practicable Date, we did not have material unresolved disputes or lawsuits with our distributors, nor did we terminate any distributors due to any material breach of the terms of the distribution agreements. During the Track Record Period and up to the Latest Practicable Date, we did not receive any product returns from our distributors.

Distributor selection and management

We have adopted a set of distributor selection criteria and management policies to ensure our distributors are capable, efficient and well-resourced. Factors considered in distributor selection include their geographic coverage, experience in handling power device and audio IC products, scale of operations, qualifications, existing customer base and market reputation. We regularly review the performance of distributors on regular basis and consider various factors in renewing agreements with distributors, including their qualifications, technique expertise, sales and marketing capabilities, sales network, financial resources and customer resources.

We proactively manage our distributors to comply with the requirements of relevant laws and regulations. We adopt and implement a suite of distributor management policies to ensure distributors are in compliance with the legal requirements. Our distributor management policies typically set out a variety of operational guidelines, including promotion activities, and account reconciliation mechanism. In particular, we require that distributors obtain our approval prior to proceeding with initial sales to end customers and entering into cooperation with such customers.

During the Track Record Period, we determine the pricing terms offered to our distributors on a case-by-case basis after taking into account (i) the distributor's credit profile and cooperation history, (ii) the market potential and competitive landscape of the relevant downstream segment, (iii) the potential for long-term collaboration, and (iv) the payment terms and credit terms granted to us.

We believe that our sales reflect the actual demand from end customers, thus minimizing the risk of channel stuffing and inventory backlog within the distribution network, as (i) we conduct regular online follow-ups with them to understand their inventory level, through which, we may understand prevailing market conditions and check whether they have sufficient stock level; and (ii) we generally do not grant long credit periods to distributors or set minimum purchase requirements, encouraging distributors to be more cautious in their ordering to align their purchases with actual sales patterns and market demand. In addition, we also implements proactive management measures to mitigate potential competition or market cannibalization among distributors. For instance, we primarily appoint and manage our distributors on an industry basis, typically engaging two to three strategic distributors within the same industry to avoid duplication of resources. In addition, we have implemented a customer and project registration system, under which distributors are not permitted to register the same customer or project repeatedly, thereby minimizing potential conflicts and overlap among distributors. We believe these measures, together with terms of agreements with our distributors as mentioned above, including payment and credit terms, policies on product return, and other distributor management policies, can effectively mitigate risks associated with potential cannibalization and channel stuffing. During the Track Record Period, we generally do not allow distributors to appoint sub-distributors.

Our Oversea Sales

During the Track Record Period, we derived revenue primarily from sales in China. In 2024, we established corporation with a global automotive Tier 1 supplier based in Germany, whose principal businesses include the development and manufacturing of automotive components, industrial technology, consumer goods and energy and building technology, and commenced the supply of SiC MOSFET products to them. We generated oversea sales revenue through sales to this customer, which amounted to RMB4.0 thousand and RMB9.0 thousand in 2024 and 2025.

Our overseas sales are conducted within the prevailing trade environment in the relevant jurisdictions. The demand for our products from overseas customers, as well as pricing dynamics, may be influenced by applicable trade policies, tariffs and market access conditions in such markets. For further details, see "Risk Factors — We are subject to risks associated with international trade policies, export control regulations, economic sanctions and investment restrictions."

OUR PRODUCTION

We do not operate our own manufacturing facilities but follow our virtual IDM model. Under this structure, we retain in-house capabilities for product design, R&D, application engineering, and quality assurance, while cooperating with our strategic partners for photomask manufacture, wafer fabrication, assembly, and testing. We work closely with our supply chain partners to monitor production schedules, manage quality control, and ensure a consistent supply to meet customer demands. Comprehensive supplier management and regular audits are conducted to maintain high standards across the entire production process. We have established long-term, stable cooperation relationships with multiple reputable wafer foundries. Please see the paragraphs headed "— Procurement".

QUALITY CONTROL

We are committed to consistently delivering reliable and high-quality products to our end customers. In particular, rooted in our management team's deep industry insight and extensive hands-on experience, we maintain a steadfast commitment to product quality and reliability. This has fostered a comprehensive total quality management, system that spans the entire product lifecycle, covering end-to-end processes including design, process development, online monitoring, defect improvement, yield management, and quality-related customer feedback. In particular, we have established a quality control team, the majority of whose core members each have over 20 years of experience at leading international manufacturers (with multiple members holding professional certifications such as Six

Sigma Black Belt), to take charge of our quality control work. In addition, we promote to a ''zero-defect'' quality culture and hold regular quality control performance evaluation events, to ensure strict adherence to our quality control standard among all employees.

We have implemented a comprehensive quality assurance system that ensures rigorous control from R&D and design to production. We have obtained ISO9001 quality management system certification and ISO26262 functional safety certification. We have also established quality control system to ensure strict compliance with environmental directives such as RoHS/REACH and key automotive reliability standards including AEC-Q101, AEC-Q001 and AEC-Q002, while actively implementing the AEC-Q004 framework guidelines. In particular, we have successfully passed rigorous quality system audits from multiple globally leading automotive component suppliers and OEMs. During the Track Record Period, the quality of our products has been highly recognized by top-tier automotive battery manufacturer, which strongly validate the practical effectiveness of our quality control.

Quality Control on IC Design

We consider product design the critical part to ensure quality control. Instead of simply relying on screening process to ensure product quality, which is limited by its nature to identify all defects, we invested in enhancing product design and sticking to the principles of incorporating sufficient margins, avoiding potential failure points and defect risks, including appropriate redundancy, and preventing pursuance of extreme optimization. We have incorporated multifunctional team reviews and design quality team assessments at each stage of development to ensure that customer needs are accurately identified and fully met. We have also implemented a quality feedback mechanism, through which, we are able to refine design rules progressively, accumulate valuable experience, improve development success rates and reduce R&D costs and lower the likelihood of design quality incidents.

Quality Control on Production Process

Operating under a virtual IDM model, we outsource our production to external wafer foundries and packaging and testing service providers. To ensure product quality, we have established a comprehensive supplier management team overseeing all production stages, including wafer manufacturing and packaging testing.

During production process, we engage in daily communication and conduct weekly meetings with foundries and packaging and testing service providers. We implement various quality management measures such as weekly random inspections on production lines, monthly production report reviews, quarterly business summaries and annual quality audits. These measures ensure that we maintain low product defective rate and meet the high reliability standards as demanded by our downstream customers.

Quality Control on Adjustments

We have established a multifunctional cross-review team mechanism to address changes across all stages from design to sales, ensuring all modifications undergo comprehensive evaluation and thorough verification. Additionally, we utilize an intelligent ERP system to achieve stringent control of materials before and after changes.

Product Returns and Warranty

We typically do not allow customers to return or exchange products except for quality issues due to our faults or in cases where an agreement for return has been reached through negotiations between customers and us. During the Track Record Period, we have received requests for product returns which amounted to approximately RMB12.9 million, RMB8.1 million and RMB9.4 million, respectively. Such product returns were primarily due to, upon mutual agreement between customers and us, certain compatibility issues identified during the technical integration and tuning process between the product and customers' application scenarios. Our product return rates as a percentage of total shipment value during the Track Record Period were 2.0%, 2.5% and 1.7%. We generally provide a one-year warranty period for our products, during which we provide product exchange and maintenance services. During the Track Record Period, we did not encounter any incidents related to product return, product recall, product exchange or product liability claims that would have a material adverse impact on our business, financial condition and results of operations.

OUR INFORMATION TECHNOLOGY

We believe that information technology is crucial for maintaining our competitive position. During the Track Record Period, we invested in developing our IT systems to ensure our business management could enjoy technology-backed benefits in terms of automation, informatization, intelligence and digitization.

We have established network and information security emergency plans, setting procedures to properly handle emergencies. In addition, our current system networks and servers are equipped with redundancy mechanisms to ensure robust backup and inspection mechanisms for our systems. During the Track Record Period and up to the Last Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

MARKETING, SALES AND CUSTOMERS

Our Customers

Our customers encompasses companies across in various industries, including automotive, consumer electronics, renewable energy and industrial applications. Our customers in the automotive industry are primarily leading automotive manufacturers and their Tier-1 suppliers. Our customers in the consumer electronics are primarily manufacturers of mobile phones and household electronic products. Our customers in the renewable energy and industrial applications sectors are primarily prominent companies engaged in photovoltaic and energy storage inverters, high voltage direct current charging piles, and power supplies for AI data centers. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 45.8%, 42.2% and 48.3%, respectively, to our total revenue for relevant years. Sales to our largest customer in each year during the Track Record Period accounted for 15.8%, 11.6% and 20.9% of our total revenue for relevant years.

The following tables set forth the details of our five largest customers during the Track Record Period.

For the year ended December 31, 2023

No.	Customer	Background	Distributor/ Direct Customer	Products/ services Purchased from us	Revenue *(RMB'000)*	Credit terms and Payment method	% of total revenue	Year of commencement of business relationship with us
1	Customer A	A PRC public company engaged in the sales of semiconductors and electronic components, listed on the Shenzhen Stock Exchange	Distributor	Power devices	68,584	30 days Bank transfers	15.8	2022
2	Customer B	A PRC private company engaged in the manufacturing and sales of semiconductors	Direct customer	Power devices	50,357	30 days Bills or bank transfers	11.6	2022
3	Customer C	A PRC private company engaged in the sales of semiconductors	Direct customer	Power devices	37,496	60 days Bills or bank transfers	8.7	2022
4	Customer D	A PRC private company engaged in the sales of semiconductors	Direct customer	Power devices	21,016	30 days Bills or bank transfers	4.9	2022
5	Customer E	A PRC private company engaged in the manufacturing and sales of semiconductors	Direct customer	Power devices	20,679	30 days Bills or bank transfers	4.8	2020
	Total				**198,132**		**45.8**	

For the year ended December 31, 2024

No.	Customer	Background	Distributor/ Direct Customers	Products/ services Purchased from us	Revenue *(RMB'000)*	Credit terms and Payment method	% of total revenue	Year of commencement of business relationship with us
1	Customer F	A PRC private company mainly engaged in the manufacturing and sales of acoustic modules	Direct customer	MEMS	44,308	45 days Bills or bank transfers	11.6	2020
2	Customer G	A PRC public company mainly engaged in the manufacturing and sales of acoustic modules, listed on Shenzhen Stock Exchange	Direct customer	MEMS	36,324	60 days Bank transfer	9.5	2020
3	Customer A	A PRC public company engaged in the sales of semiconductors and electronic components, listed on the Shenzhen Stock Exchange	Distributor	Power devices	34,291	30 days Bank transfer	8.9	2022
4	Customer D	A PRC private company engaged in the sales of semiconductors	Direct customer	Power devices	25,699	30 days Bills or bank transfers	6.7	2022
5	Customer E	A PRC private company engaged in the manufacturing and sales of semiconductors	Direct customer	Power devices	21,189	30 days Bills or bank transfers	5.5	2020
	Total				**161,811**		**42.2**	

For the year ended December 31, 2025

No.	Customer	Background	Distributor/ Direct Customer	Products/ services Purchased from us	Revenue	Credit terms and Payment method	% of total revenue	Year of commencement of business relationship with us
					(RMB'000)			
1	Customer H	A PRC private company engaged in the manufacturing and sales of semiconductors and electronic components	Direct customer	Power devices	113,246	60 days Bills or Bank transfers	20.9	2024
2	Customer A	A PRC public company engaged in the sales of semiconductors and electronic components, listed on the Shenzhen Stock Exchange	Distributor	Power devices	53,141	30 days Bank transfers	9.8	2022
3	Customer F	A PRC private company mainly engaged in the manufacturing and sales of acoustic modules	Direct customer	MEMS	38,879	45 days Bills or bank transfers	7.2	2020
4	Customer D	A PRC private company engaged in the sales of semiconductors	Direct customer	Power devices	28,888	30 days Bills or bank transfers	5.3	2022
5	Customer E	A PRC private company engaged in the manufacturing and sales of semiconductors	Direct customer	Power devices	27,516	30 days Bills or Bank transfers	5.1	2020
	Total				**261,670**		**48.3**	

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

Sales and Marketing

As of December 31, 2025, our sales and marketing department consists of 44 employees, primarily responsible for developing sales and marketing plans, identifying product markets, acquiring clients, conducting business negotiations, and establishing cooperative relationships with our clients. In doing so, our sales and market team leverage cross-department collaboration mechanism to involve staff in charge of R&D, quality control and customer services in their daily work, so that, we may provide prompt response to enquiries from clients and offer tailor-made solutions where necessary.

Pricing

In determining the pricing of our products, we take into account a broad range of factors, including strategic value and our business relationship with relevant customer, prevailing market competition of similar products, costs of raw material price, manufacturing complexity and costs, as well as our production capacity and backlog. We believe our long-standing relationship, product quality, wide coverage of product use cases and unique value propositions to customers help us negotiate for more premium pricing for our products while remaining competitive in the market. While we promulgate and regularly update guided selling price of our products for our sales team, we allow them to make flexible adjustment within a specified range to ensure negotiation efficiency.

Purchase Rebates

In line with industry practice, we offer rebates to customers in consideration of the long-term good business relationship with them and to reward their successful achievements on purchase amount. The specific conditions for rebates are generally determined through case-by-case discussions with the respective customers. The rates of such rebates are determined with reference to the rates those customers enjoyed historically, and thus vary among relevant customers. During the Track Record Period, nil, three and three customers qualified to receive rebate respectively, with the total amount of rebate reached nil, RMB1.6 million and RMB2.8 million, respectively. As advised by CIC, our practice of, and internal policy in relation to, rebates are generally in line with industry practice.

PROCUREMENT

Under virtual IDM business model, we focus on R&D and the sales of our products, while outsourcing all wafer production, IC packaging and testing to third parties. During the Track Record Period, we primarily procured from reputable domestic suppliers for (i) foundry-manufactured wafers, as well as (ii) IC packaging and testing services. In particular, we have established strong partnerships with our key wafer foundries during the Track Record Period, leveraging their extensive expertise and technological capabilities in wafer fabrication to produce our products based on our designs, from whom we procure wafers as finished goods in accordance with relevant agreements. In our procurement process, we initially develop a production plan based on actual sales data, anticipated orders, and the production cycle. This plan directs wafer foundries in the wafer fabrication. Upon production, the majority of the wafers are sent to the packaging and testing service providers for packaging and further testing according to order requirements, resulting in finished products.

Our operations are carried out within the power device and audio IC supply chain involving wafer foundries, packaging and testing service providers as well as raw material suppliers. The supply chain is subject to evolving international trade policies, export control regulations and other regulatory developments. Changes in such policies may affect the overall availability, pricing or lead time of semiconductor-related materials, manufacturing services or equipment within the industry, which in turn may influence our procurement arrangements and cost structure. For further details, see "Risk Factors — We are subject to risks associated with international trade policies, export control regulations, economic sanctions and investment restrictions."

Throughout the production and testing process, we engage in close collaboration with leading wafer foundries and IC packaging and testing service providers. Such collaboration ensures seamless implementation of our proprietary production process and enforces stringent quality control measures throughout. We also collaborate with wafer foundries to develop proprietary production process platforms, which we continuously optimize based on our design needs to enhance product manufacturing. We place great emphasis on sourcing raw materials and services from suppliers with advanced technology, good reputation and track record, as we believe the quality of product and production services profoundly impacts our product quality and, consequently, our brand reputation.

The following table sets forth number and movement of our wafer foundries, IC packaging and testing service providers during the periods indicated:

	For the year ended December 31,		
	2023	2024	2025
Wafer foundries	4	4	4
IC packaging and testing service providers	15	20	19

Our wafer foundry partners remains stable at four during the Track Record Period,demonstrating our stable and long-standing collaboration with key partners in our core manufacturing processes. Our IC packaging and testing service providers increased from 15 in 2023 to 20 in 2024, primarily attributable to our expansion into higher-end application segments such as new energy vehicles and photovoltaic energy storage, which require higher standards in terms of chip performance and reliability. In response, we selectively engaged additional suppliers with specialized capabilities in areas such as advanced process technologies and automotive-grade packaging to support our product development and mass production needs, as well as to enhance the resilience of our supply chain. The number of our IC packaging and testing service providers slightly decreased to 19 in 2025, primarily due to our optimization and consolidation of suppliers based on their technological capabilities and service quality.

Potential pricing fluctuations in wafers and IC packaging and testing services can arise due to factors including global and domestic production capacity, governmental regulations, supply-demand dynamics and macroeconomic conditions. While our bargaining power for certain procurements might be restricted to a certain extent due to these factors beyond our control, our ability to procure and supply remains steadfast. In response to potential price increases, we mitigate such impact by fostering long-term relationships with our suppliers, adjusting our stock levels and engaging in close communication with customers on case-by-case basis. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially and adversely affected our operations.

Major Suppliers

Our major suppliers primarily include suppliers for wafers, packaging and testing services. In 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 99.7%, 98.8% and 98.4%, respectively, of our total purchases. Purchase from our largest supplier in each year during the Track Record Period accounted for 94.9%, 93.5% and 92.9% of our total purchases for the respective year.

During the Track Record Period, we primarily procured wafers from our largest supplier and may be susceptible to relevant risk. See "Risk Factors — We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all" in this document. Our reliance on limited number of suppliers during the Track Record Period was largely attributable to a concentrated scope of qualified wafer foundries in an earlier stage of development of China's semiconductor industry, brought by entry barriers such as high capital investment, technical difficulties and regulatory restrictions, according to CIC. We have established a long-term partnership with United Nova Technology Co., Ltd (芯聯集成電路製造股份有限公司) ("**UNT**"), a key supplier to leading players in the power device industry since 2019, and entered into a strategic partnership agreement with UNT in January 2025, pursuant to which, UNT will allocate resources to fulfill our procurement requirements and strive to meet our demands. During the Track Record Period, we primarily procured wafer fabrication service from UNT, which sources raw materials and performs wafer fabrication based on our design specifications and technical requirements.

The salient terms of our purchase agreement with UNT are set forth below.

Duration:	The agreement is valid for a term of three years.
Principal rights and obligations of parties involved:	We provide product parameters, technical specifications, production process requirements, and other product requirements to the supplier. The supplier fabricate wafer products according to our requirements.
Quality assurance:	The Supplier is required to deliver products that meet our specified quality requirements and product specifications.
Product return:	We have the right to reject, replace or return products due to non-conformity with our product quality requirement or specifications due to supplier's faults.
Exclusivity:	There is no exclusivity requirement.
Minimum purchase:	The supplier does not set minimum purchase requirement for us.
Termination:	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

The principal terms of our strategic partnership agreement with UNT are set forth below.

Duration:	The agreement is valid for a term of three years.
Scope:	The partnership primarily covers joint efforts in product development, engineering verification and large-scale production, particularly in relation to wafers and other applicable fields. The parties shall cooperate in process such as process development, production coordination and supply support based on downstream customer needs.
Principal rights and obligations of parties involved:	We provide product development platform support, technical support, delivery support and coordinate production resources where necessary. UNT cooperates with us to meet customer needs and prioritizes cooperation with us in relevant business arrangements.
Termination clause:	Either party may terminate the agreement by giving one month's prior written notice.
Renewal clause:	The agreement may be automatically renewed for a further two years upon expiry if neither party objects.

During the Track Record Period and up to the Latest Practicable Date, we have not encountered any incident of failure to renew or early termination of our arrangements with UNT. During the Track Record Period and up to the Latest Practicable Date, there had been no disruptions or material delays in supply from UNT that had adversely affected our operations.

Over the years, we have gradually expanded our supplier base and actively explored potential suppliers to mitigate market fluctuations. Specifically, (i) we have been actively seeking alternative suppliers and has successfully identified and maintained alternative suppliers that meet our requirements for wafer production quality and quantity during the Track Record Period. For instance, we commenced procurement of wafers from a supplier in Shanghai, as a potential substitute for UNT starting in 2022. The supplier has two manufacture bases, providing manufacturing platform for power devices, sensors, and other core ICs in the automotive electronics, industrial control, and high-end consumer electronics sectors. After careful evaluation, we believe that the wafer quality and production capacity offered by the supplier can meet our requirements for both product quality and quantity; (ii) we have invested efforts into diversifying our supplier base. In the event of a termination of relationship with our major suppliers, we believe we are able to find alternative suppliers in a timely and efficient manner, and such replacement will not have a material adverse effect on our business operations.

The following tables set forth the details of our five largest suppliers during the Track Record Period.

For the year ended December 31, 2023

No.	Supplier	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	Credit Terms and Payment method	% of total purchase amount	Year of commencement of business relationship with us
1	United Nova Technology Co., Ltd	A PRC public company engaged in the manufacturing of ICs, listed on the Shanghai Stock Exchange	Wafers	434,015	60 days Bank transfer	94.9	2019
2	Supplier A	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	18,436	30 days Bank transfer	4.0	2023
3	Supplier B	A Korean public company engaged in the manufacturing of ICs, listed on the Korea Exchange	Wafers	1,305	Pay in advance Bank transfers	0.3	2020
4	Supplier C	A PRC private company engaged in the manufacturing of ICs	Wafers	816	Pay in advance Bank transfers	0.2	2022
5	Supplier D	A PRC public company engaged in providing packaging and testing manufacturing services, listed on the National Equities Exchange and Quotations	Packaging and testing services	811	30 days Bills or bank transfers	0.2	2022
	Total			**456,214**		**99.7**	

For the year ended December 31, 2024

No.	Supplier	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	Credit Terms and Payment method	% of total purchase amount	Year of commencement of business relationship with us
1	United Nova Technology Co., Ltd	A PRC public company engaged in the manufacturing of ICs, listed on the Shanghai Stock Exchange	Wafers	396,380	60 days Bank transfers	93.5	2019
2	Supplier A	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	18,990	30 days Bank transfers	4.5	2023
3	Supplier D	A PRC public company engaged in providing packaging and testing manufacturing services, listed on the National Equities Exchange and Quotations	Packaging and testing services	1,345	30 days Bills or bank transfers	0.3	2022
4	Supplier E	A PRC private company engaged in providing testing services	Testing services	1,273	30 days Bank transfers	0.3	2023
5	Supplier F	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	931	30 days Bills or bank transfers	0.2	2021
	Total			**418,919**		**98.8**	

For the year ended December 31, 2025

No.	Supplier	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	Credit Terms and Payment method	% of total purchase amount	Year of commencement of business relationship with us
1	United Nova Technology Co., Ltd	A PRC public company engaged in the manufacturing of ICs, listed on the Shanghai Stock Exchange	Wafers	513,238	60 days Bank transfers	92.9	2019
2	Supplier A	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	16,488	30 days Bank transfers	3.0	2023
3	Supplier G	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	6,310	30 days Bills or bank transfers	1.2	2024
4	Supplier H	A PRC private company engaged in providing packaging and testing manufacturing services	Packaging and testing services	3,952	30 days Bills or bank transfers	0.7	2023
5	Supplier E	A PRC private company engaged in providing testing services	Testing services	3,477	30 days Bank transfers	0.6	2023
	Total			**543,465**		**98.4**	

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. 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 were Independent Third Parties.

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) foundries and (ii) IC packaging and testing service providers. In determining engagement of suppliers, we take into account a broad range of factors, including technical expertise, product capacity or service capability, industry reputation, financial performance, and costs. We conduct regular review and evaluation on performance of our suppliers. Should we find material non-compliance or significant quality issues, we will conduct timely reassessment procedure, and may cause us to termination contractual relationship with relevant suppliers.

We generally enter into framework supply agreements with suppliers. The salient terms of our agreements with major suppliers are set forth below:

Duration	Our agreements are usually valid continuously.
Principal rights and obligations of parties involved	We provide product parameters, technical specifications, production process requirements, and other product requirements to foundry partners. Our foundry partners fabricate wafer products according to our requirements. We provide wafer products, technical specifications and other raw materials to packaging and testing service providers who perform packaging and testing services in accordance with our requirements.
Payment	We settle payments per mutually agreed terms and timeline.
Quality assurance	Our suppliers are required to deliver products that meet our specified quality requirements and product specifications.
Product return	We have not clearly specified the product return clause in the agreement.
Termination	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

Overlapping Customers and Suppliers

During the Track Record Period, UNT, was one of our top five suppliers in the each year of our Track Record Period, providing wafer for our power device and audio IC products. Upon our standard evaluation and assessment, UNT was selected as our supplier in 2019, primarily because of its high-performance process platforms and robust quality control capabilities. UNT is subject to our annual evaluation on service performance, among other aspects.

Customer H, an in-vehicle module manufacturer, which specializes in the research and development, production, and sales of in-vehicle main drive modules for automotive OEMs and Tier 1 suppliers in the automotive industry, is a subsidiary of UNT and was one of our top five customers in the year ended December 31, 2025. Our collaboration with Customer H was initiated independently of UNT based on both parties' commercial considerations, as our SiC power device products were recognized by Customer H for their vehicle main drive module products. The decision to collaborate was made autonomously by Customer H and us based on our respective business interests.

Our formal commercial cooperation with Customer H commenced in 2024. Customer H mainly purchased Si power devices in 2024 and SiC power devices in 2025, for which we are able to provide products meeting the required specifications.

The commercial relationship between UNT and Customer H, and our transactions with each of them, are commercially reasonable and arise from independent business considerations, primarily because: (i) although Customer H is a subsidiary of UNT, UNT's sales to us and Customer H's procurement from us are handled by separate teams of the respective entities, and all key processes, including contracting, decision-making and transaction execution, are conducted independently. Negotiations of the terms of our sales to Customer H and purchases from UNT were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other; (ii) our procurement of wafer fabrication service from UNT is based on its established capabilities in automotive-grade power semiconductor manufacturing, while we value our cooperation with Customer H given its demand for SiC MOSFET products, which are primarily used in automotive main drive applications, where market demand is substantial and the domestic supply remains limited; (iii) our Directors confirmed that all of our sales to Customer H and purchases from UNT were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis; and (iv) our procurement payments and sales receipts are settled separately and accounted for independently, and there is no offsetting arrangement between receivables and payables.

Revenue from Customer H for the year ended December 31, 2024 and the year ended December 31, 2025 was RMB6.7 million and RMB113.2 million, accounting for 1.7% and 20.9% of our total revenue for the respective period, respectively. The gross profit of products we sold to Customer H was RMB0.3 million and 7.3 million, and the gross profit margin of products we sold to Customer H was 3.9% and 6.5% in 2024 and the year ended December 31, 2025, respectively. The purchase amount attributable to UNT for the years ended December 31, 2023, 2024 and 2025 was RMB434.0 million, RMB396.4 million and RMB513.2 million, respectively, accounting for 94.9%, 93.5% and 92.9% of our total purchases for the respective periods.

Customer E, was one of our top five customers in each year of our Track Record Period, purchasing mainly mid- to low-voltage Si power devices from us. Customer E was also our supplier during the Track Record Period. We procured packaging and testing services from Customer E for our power device products in 2024 and the year ended December 31, 2025. Our purchases from Customer E amounted to RMB23.0 thousand and RMB0.1 thousand, accounting for 0.01% and 0.00% of our total purchases in 2024 and the year ended December 31, 2025, respectively. Revenue generated from Customer E amounted to RMB20.7 million, RMB21.2 million and RMB27.5 million, accounting for 4.8%, 5.5% and 5.1% of our total revenue in 2023, 2024 and 2025, respectively. The gross profit of products we sold to Customer E was RMB1.6 million, RMB3.3 million and RMB2.0 million, and the gross profit margin of products we sold to Customer E was 7.8%, 15.7% and 7.3% in 2023, 2024 and 2025, respectively.

Our Directors have confirmed that (i) all of our revenue and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and were not inter-conditional on each other; and (ii) the terms of our agreements with these overlapping customers and suppliers are substantially the same as those with our other customers and suppliers. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to Latest Practicable Date.

Potential Impact of Trade Restrictions on Procurement and Sales Activities

Our operations rely on a semiconductor supply chain comprising wafer foundries, packaging and testing service providers, as well as suppliers of components, software tools and other supporting materials. During the Track Record Period, we did not procure any U.S.-origin components or software tools for our core production processes. Based on our internal assessment and information provided by our suppliers, the components and software tools used in our operations are not subject to the EAR in a manner that would require export licences for supply to us. Accordingly, we did not encounter any material disruption, delay or incremental cost in our procurement activities attributable to U.S. export control measures during the Track Record Period and up to the Latest Practicable Date.

In respect of our sales activities, we conducted limited transactions with two customers that are included on the Entity List maintained by the BIS. Specifically, (i) we sold SiC power devices manufactured in the PRC to one such customer in September 2023, which was listed on the Entity List in 2024, with an aggregate value of approximately RMB35,000; and (ii) we sold Si power devices manufactured in the PRC to another such customer, comprising three transactions in 2024 and three transactions in 2025 with an aggregate value of approximately RMB119,846. Based on the advice of our international sanctions advisers, as those transactions did not involved any items subject to the EAR, such transactions did not give rise to violations of applicable U.S. export control regulations. The transaction amounts were immaterial relative to our total revenue during the Track Record Period.

Notwithstanding the above, international trade policies and export control regulations remain subject to change and may affect different parts of the semiconductor value chain. In particular, our suppliers, including wafer foundries and packaging and testing service providers, may become subject to restrictions or increased compliance requirements in sourcing raw materials, equipment or technology, which could affect their production capacity, lead times or pricing. Any such developments may in turn result in increased procurement costs, supply chain adjustments or longer delivery cycles for us. Accordingly, while we have not experienced any material adverse impact from trade restrictions during the Track Record Period, any further tightening of export control measures or expansion of restricted entity lists may indirectly affect our operations through our suppliers or customers, and could adversely affect our business operations and financial performance.

SEASONALITY

We do not experience significant impact of seasonality in our business performance.

LICENSES, PERMITS AND APPROVALS

We are required to maintain various licenses, approvals and permits in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

As of the Latest Practicable Date, as advised by our PRC Legal Adviser, we had obtained all material licenses, approvals and permits required for our business operations in the PRC, and such business licenses had remained in full effect. We are not required to obtain any other material licenses or permits in conducting our business operations in China. We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks, software copyrights and domain names in the China and the United States. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets.

As of December 31, 2025, we owned 69 registered patents in China, and 64 patent applications in China and two patent applications in the United States. As of the same date, we had 190 IC layout design registrations and 21 registered trademarks in China (including three in Hong Kong Region). In addition, to prevent our core technologies from being pre-emptively registered by overseas entities and in view of the global credibility and value recognition associated with patents granted in the United States, we filed two patent applications in the United States during the Track Record Period.

We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties. However, there are risks if we fail to protect our IP rights in the future. For details, see "Risk Factors — We may be subject to intellectual property infringement and other claims by third parties in China or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs".

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, advisors and contractors. We have entered into agreements with confidentiality and non-competition clauses with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. See "Risk Factors — Risks Relating to Our Intellectual Property Rights."

We place significant emphasis on the effective management and protection of intellectual property rights and have adopted the following measures: (i) we have established an internal intellectual property compliance management system in accordance with the national standard GB/T 29490-2023, under which the general manager formulates the relevant policies and the strategic planning department acts as the dedicated intellectual property management function; (ii) we integrate intellectual property management into our core business processes, including conducting searches and analyses prior to any intellectual property application to ensure the quality and stability of the rights, clearly defining the ownership of service-related achievements, maintaining classified intellectual property records in our daily operations and performing ongoing maintenance, and setting out explicit provisions on the ownership and protection of intellectual property rights in employee contracts and the employee conduct handbook; and (iii) we enter into confidentiality agreements with all employees, remind and bind departing employees with respect to intellectual property matters, encourage employees to report compliance concerns under appropriate protection, and require the legal department to conduct independent and impartial investigations into any non-compliant behaviour.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. For details, see "Statutory and General Information — Further Information About The Business of Our Company – Intellectual Property Rights" in Appendix VI to this Document. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors — Risks Relating to Our Intellectual Property Rights" in this document.

EMPLOYEES

As of December 31, 2025, we had 158 full-time employees, all of whom are located in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	**As of December 31, 2025**	
	Number	
Strategy planning	19	12.0%
Research and development	66	41.8%
Marketing and sales	44	27.8%
Operation	11	7.0%
Quality assurance	13	8.2%
Legal and compliance	1	0.6%
Board office	2	1.3%
General managing office	2	1.3%
Total	**158**	**100.0%**

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. We generally offer employees competitive salaries, performance-based bonuses, and other incentives and continually refine our remuneration and incentive policies through market research. As required under PRC labor laws, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, housing provident funds and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. As advised by our PRC Legal Adviser, we have completed the registration procedures for social insurance account opening and housing provident fund contribution, and have paid social insurance premiums and housing provident fund for our employees in accordance with the provisions of laws, regulations and relevant requirements of the competent authorities. During the Track Record Period, we have not been subject to any material administrative penalties imposed by the competent authorities due to violations of the laws and regulations governing social insurance and housing provident fund.

We have established a comprehensive system for employee training and development, including general training covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific training provided by company instructors, external courses, and expert lectures that improve employee knowledge and expertise in certain important areas related to our business.

We confirm that we have no dispatched employees, and as confirmed by our PRC Legal Adviser, we were not subject to any material administrative penalties imposed by the competent authorities for violating labor laws and regulations during the Track Record Period.

We did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny.

We collect and store business data, management data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information.

We have established a comprehensive data compliance system covering the areas of cybersecurity, data security and personal information protection, together with the corresponding organizational structure and operational mechanisms. Specifically, we have set forth the control requirements for the entire lifecycle of data processing through our internal policies, and have designated the responsible person in charge to coordinate and advance security management efforts. In addition, we provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We also regularly conduct data security training and assessments for our employees. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. In the meantime, we have adopted a series of necessary technical measures to protect cybersecurity, data security and personal information, including conducting routine virus scanning and removal through the use of third-party software to guard against computer viruses, network attacks, network intrusions and other activities that may jeopardize cybersecurity. We utilize third-party monitoring tools to monitor server operation status, device status, system status, security incidents and other related aspects. We assign different operational permissions based on different roles and positions, and retain network logs in accordance with the requirements of applicable laws.

During the Track Record Period and up to the Latest Practicable Date, given that (i) we have not experienced any material security incidents such as data leakage; and (ii) we have not been subject to any administrative penalties imposed by regulatory authorities as a result of investigations into alleged violations of statutory obligations relating to cybersecurity, data security or personal information protection, nor have we been involved in any arbitration or litigation proceedings arising from disputes or controversies in connection therewith, as advised by our PRC Legal Adviser, we had complied with applicable laws and regulations related to cybersecurity and data protection in all material aspects.

COMPETITION

The power device and audio IC industry in which we operate is highly competitive and characterized by its extensive downstream applications and diverse product portfolio. The global power device market has demonstrated steady growth. In revenue terms, the global market size increased from USD25.0 billion in 2020 to USD31.7 billion in 2024, representing a CAGR of 6.1% during this period. The relatively slight decline slower growth in 2023–2024 was primarily attributable to supply chain constraints and temporary weakness in end-market demand. It is projected to reach USD51.4 billion by 2029, with a CAGR of 10.2% from 2024 to 2029. Driven by the upgrading of consumer electronics, the increasing adoption of smart voice applications and the acceleration of automotive intelligence, the audio IC market continues to expand. In revenue terms, the global audio IC market grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8%. It is expected to reach USD10.0 billion by 2029, with a CAGR of 4.8% for the period from 2024 to 2029.

The core competitiveness in the market lies in technological prowess and the accumulated capabilities spanning the entire process, from design and manufacturing to customer collaboration. Despite being the most recently established among the top competitors, we have rapidly emerged as a new and competitive force in Chinese power device and audio IC industry. We remain focused on leveraging our R&D capability, platform-based product layout, and technological expertise to maintain and enhance our position in the market.

INSURANCE

We believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to all property-related risks insurance, cargo transportation insurance, employer liability insurance and product liability insurance. Our employee-related insurance includes pension insurance, maternity insurance, employment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulation. We also purchase supplemental commercial medical insurance and accident insurance for our employees. We procured insurance policies by type and amount that we consider sufficient, and evaluated such insurance policies from time to time based on our past experience, changes in production and industry developments. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise" in this document.

PROPERTIES

We are headquartered in Shanghai, China, and lease certain land parcels and buildings in the PRC for our business operations.

Owned Properties

Our PRC Legal Adviser confirmed that, as of the Latest Practicable Date, we do not own any land parcels and properties.

Leased Properties

As of the Latest Practicable Date, we leased five properties with a GFA of approximately 5,973.73 sq.m. in the PRC for use as our offices, warehouse and R&D laboratories.

As of the Latest Practicable Date, two out of the five leased properties with a GFA of 2,500 sq.m. had not been registered and filed with relevant land and real estate administration bureaus in the PRC. The owners of two of our leased properties failed to provide us with valid property ownership certificates or other necessary documents required for the registration, and we were unable to register the lease agreements for these two properties. As advised by our PRC Legal Adviser, failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements nor the lawful and effective use of leased properties pursuant to the lease agreements. However, the relevant authorities may require us to rectify such non-compliance within a prescribed period and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each of such properties if we fail to rectify such non-compliance within the prescribed period. During the Track Record Period, we have not been subject to any administrative penalties imposed by the competent authorities for failing to complete the registration and filing of the lease agreements. Based on the above, our PRC Legal Advisor and we believe that the failure to register and file the leased properties will not have any material adverse effect on our operation and financial condition.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us.

Regulatory Compliance

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business and operation as a whole.

THE IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has materially and adversely affected the global economy since the first quarter of 2020. In response, the PRC government and the governments of other countries have implemented numerous anti-pandemic measures, to safeguard public health and interest. During the Track Record Period and up to the Latest Practicable Date, our production activities have not encountered any material disruption due to the COVID-19 pandemic, nor did we experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic has not had any material adverse impact on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our operation or production activities will not be affected in the future due to pandemic or other events. See "Risk Factors — We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control." As such, we plan to stay alert and closely monitor and evaluate the market situation based on any development of the COVID-19 pandemic in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Environmental, Social and Governance

We are committed to advancing sustainable practices, promoting social responsibility and maintaining robust governance standards, thereby demonstrating our adherence to the principles of Environmental, Social and Governance ("**ESG**"). In accordance with the requirements set out under the Listing Rules, we have adopted ESG policies to identify, analyse and disclose material ESG issues.

Our operations and facilities comply with a wide range of environmental, health and safety laws and regulations. At the same time, we strive to foster a positive work environment for all employees. We attach great importance to employee safety and well-being, and regularly organize relevant skills training to enhance workplace safety. The ESG Committee under our Board of Directors oversees the effective implementation of our corporate governance measures.

ESG Governance

Materiality Assessment of ESG Matters

We have established a comprehensive and standardised ESG materiality assessment mechanism to accurately identify key sustainability issues through systematic internal and external analysis. At the internal level, we conduct in-depth reviews of our entire operational cycle, rigorously benchmarking against international ESG standards, industry best practices and the specific requirements of rating agencies. At the external level, we continuously monitor regulatory and policy developments, and regularly conduct stakeholder surveys to fully understand the expectations and concerns of customers, suppliers, investors and other parties. Our evaluation process addresses both the operational implications of key issues and their potential societal and environmental impacts, assessing the extent, scope and duration of these effects. Through our analysis from different perspectives, we have prioritised the following core ESG areas: energy management, emission and waste control, employee development and occupational health and safety, sustainable supply chain management, and product responsibility. Supported by a dynamic assessment mechanism, we are able to accurately determine the priority order of each issue, allocate management resources efficiently, and ensure that our ESG strategy progresses are in alignment with our business development and stakeholders' expectations.

ESG Governance

With our commitment to deeply embedding ESG into our chip design DNA, we endeavor to set a benchmark for sustainable development in the semiconductor industry as we pursue green and low-carbon transformation through technological innovation. We fully recognize our responsibility to promote corporate social responsibility and integrate it into all major aspects of our business operations. We are committed to complying with ESG reporting requirements and to conducting our business in a manner that protects the environment as well as the health and safety of our employees. To effectively manage ESG matters, we have established a set of ESG policies in accordance with Appendix C2 of the Listing Rules, which sets out, among others: (i) appropriate risk governance of ESG matters, including climate-related risks and opportunities; (ii) the process for developing ESG strategies; (iii) ESG risk management and monitoring; (iv) the determination of key performance indicators ("**KPIs**"); and (v) related measurement and mitigation measures.

In terms of ESG management, our Board has established an ESG Committee, led by our independent directors, which focuses on three core functions: strategic development, under which the alignment of ESG objectives with the chip technology roadmap is coordinated; risk control, with which-supply chain ethics, data security and climate-related issues are closely monitored; and performance evaluation, through which ESG progress are regularly reviewed for reporting to our Board. The ESG Committee collaborates with the technology, supply chain and human resources departments to form a "strategy-execution-feedback" closed-loop cycle. Our Board oversees the ESG system and assumes overall responsibility for establishing, adopting and reviewing the Company's ESG vision, policies and objectives. Our Board also receives regular briefings on ESG milestones and engages independent third parties to conduct ongoing evaluations of material issues.

Our Board has set out clear short-, medium- and long-term strategies to ensure that the Company achieves substantive progress in key areas such as carbon reduction, resource recycling, supply chain management and information disclosure. In the short term, we aim to establish a baseline for ESG risk management across the entire value chain and enhance supply chain traceability. In the medium term, we seek to significantly improve chip energy efficiency and continuously strengthen workforce diversity. In the long term, we aspire to lead the circular economy model in the semiconductor industry and become a leading enterprise that sets a global benchmark in ESG governance. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties for non-compliance with relevant ESG regulations.

ESG Risk Management and Strategy

As we are fully aware that our business operations are subject to ESG-related risks, we continue to enhance our ESG risk management and opportunity identification framework. During the Track Record Period, we were not subject to any fines or other penalties in connection with non-compliant ESG matters that had a material adverse impact on our financial position or business operations.

We actively monitor environmental, social, and climate-related risks and opportunities that may affect its business, strategy, and financial performance. These are identified primarily through industry reports, customer feedback, and policy tracking (e.g., China's ''dual-carbon'' targets), without the use of quantitative scenario analysis. An ESG team has been established to oversee and assess the potential short-, medium-, and long-term impacts of climate-related factors. These considerations are incorporated into our strategic planning, and we may adjust our strategic deployment in specific countries, regions or cities in response to evolving environmental, social and climate-related circumstances.

Climate Risks and Responses

Impact on Business Operations

We recognize that global climate change is having adverse effects on economic and social development. The main risks posed to our business by climate change fall into two categories: physical risks and transition risks. Physical risks primarily arise from extreme weather events (such as heavy rainfall) or natural disasters (such as flooding), which could cause suspension or disruption to upstream production. Frequent flooding at packaging plants in Southeast Asia represents a short-term risk (less than one year), which could interrupt wafer supply chains and impact short-term cash flow. Transition risks arise mainly from widespread changes in policies, laws, technologies and markets during the transition to a low-carbon economy. The tightening of carbon footprint thresholds under the European Chips Act represents a short-term risk (one to three years), which may result in additional carbon tariffs on exported chips and higher capital expenditure. To manage the uncertainties and risks arising from climate change, we are focusing on improving resource efficiency, promoting green technological innovation, and continually enhancing the sustainability of our supply chain.

Climate change also presents transition opportunities for our business. The rapid global growth of the electric vehicle industry offers a medium-term opportunity (three to five years), driving demand for high-efficiency silicon carbide chips and enhancing long-term financing attractiveness. In addition, the cost advantages of issuing green bonds represent a long-term benefit (more than five years), while improved ESG ratings could lower interest rates by 50 to 80 basis points. We believe ESG governance also plays a key role in capturing these opportunities.

Impact on Financial Performance

As of the Latest Practicable Date, climate-related risks have not had any material adverse effect on our financial position, results of operations, or cash flows. Given the Company's asset-light business model, it is not subject to direct physical risks, such as potential damage to production facilities arising from extreme weather events. There is currently no indication that climate-related risks would result in material adjustments to the carrying amounts of assets or liabilities in our financial statements for the next reporting period.

The accelerating global energy transition is expected to drive continued growth in demand from new energy customers, which may have a positive impact on our financial performance. While we do not currently have dedicated climate-related investment projects, its research and development efforts are naturally aligned with new energy-related semiconductor applications. Such expenditures are funded through operating cash flows and the **[REDACTED]** from the **[REDACTED]**, without the need for additional climate-specific financing. Overall, we consider that the potential financial impacts arising from climate-related opportunities, such as policy incentives and market expansion, are expected to outweigh those of climate-related risks.

Impact on Strategy

Climate-related risks and opportunities have influenced strategy through product direction and market positioning. The Company's current strategy centers on new energy and high-efficiency segments, with products such as SiC MOSFETs, Si IGBTs, and Si MOSFETs already applied in photovoltaic inverters, on-board chargers, and server power supplies.

The Company plans to further optimize its product portfolio to capture opportunities arising from the green economy, without undertaking major adjustments to its business model. We indirectly contribute to emission reduction through the application of its products that enhance the energy efficiency of photovoltaic, electric vehicle charging, and data center systems, although no direct mitigation measures are in place. At present, existing resources are allocated primarily to R&D for new energy-related semiconductor products, with no additional resource requirements anticipated. We have not established specific climate-related metrics, such as emission reduction targets, as its direct environmental impact is minimal. However, from a qualitative perspective, the application of the Company's products in the new energy sector contributes to emission reduction by its customers, thereby indirectly supporting climate change mitigation efforts.

Employee Care and Benefits

To address risks relating to employee care and benefits (such as a decline in employee satisfaction or non-compliance with labor laws and regulations), we consistently comply with applicable labor laws and standards. We have introduced the Mentorship Management System to help new employees quickly familiarize themselves with the Company, build a sense of belonging, and transition smoothly into their roles. We have also implemented training programs to enhance the skills of existing employees. In addition to base salary as well as social insurance and housing fund contributions, we provide performance-based bonuses and equity incentives. We also offer meal allowances, extra paid leave, and funding for staff activities to further enhance employee satisfaction.

Research and Technological Innovation

We provide our employees with training on intellectual property rights and maintain certification of our intellectual property management system to safeguard our research achievements. Patents are strategically filed in line with our core product technologies to protect the Company's intellectual property. We have also obtained certification for our intellectual property management system.

Customer Rights Protection

To mitigate the legal and regulatory risks that may arise from failure to protect customer rights, we have formulated and implemented the Social Responsibility Management Manual to safeguard customers' lawful rights and interests. Our goal is to enhance customer satisfaction, maintain high service standards, and strengthen our reputation for excellence in products and services.

Information Security and Privacy Protection

We provide services to corporate clients (B2B) and do not engage directly with individual consumers. As such, consumer-related information security policies are not applicable to our operations.

Business Ethics

Upholding strong business ethics is essential to maintaining stakeholder trust and ensuring long-term sustainable operations. Risks associated with unethical behavior such as corruption, bribery or failure to comply with industry standards, could harm our reputation and financial performance. To mitigate these risks, we comply with the Company Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China, and the Anti-unfair Competition Law of the People's Republic of China, among other anti-corruption and business ethics regulations. We have also adopted the Code of Business Ethics, which all employees are required to sign.

Environmental Protection

As a virtual IDM company engaging in semiconductor design, we do not operate wafer fabrication plants or manufacturing facilities ourselves. Nevertheless, we fully recognize our responsibility to reduce the environmental impacts of our operations and supply chain.

Energy Management

Energy management forms an integral part of our corporate sustainability strategy and plays a vital role in our operations. We view the enhancement of energy efficiency not only as an environmental responsibility but also as a key initiative to improve operational efficiency and strengthen our core competitiveness. We work closely with foundry, packaging and testing partners to promote environmentally sustainable practices and compliance with relevant environmental laws and regulations. To effectively reduce management costs, practice cost-saving and efficiency-enhancing measures, and ensure the reasonable and efficient use of company resources, we have specially formulated the Administrative Measures for Energy Conservation, Emission Reduction and Consumption Reduction based on our actual circumstances in strict accordance with the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations. We have also established and improved communication and awareness mechanisms for energy conservation and emission reduction, continuously raising awareness of energy saving and consumption reduction across the entire workforce.

To fully understand and optimize our environmental impact, we continuously monitor key environmental indicators. The following table sets out our major energy consumption for the periods indicated.

			For the year ended December 31,		
Indicator		**Unit**	**2023**	**2024**	**2025**
Energy consumption	Gasoline	Liter	2,100.0	3,300.0	4,350.0
	Electricity	kWh	498,129.0	704,055.0	628,075.0

Water Management

We have implemented the Administrative Measures for Energy Conservation, Emission Reduction and Consumption Reduction to strengthen water conservation awareness and enhance the daily maintenance and management of water-use equipment. The following table sets out our water consumption during the Track Record Period:

			For the year ended December 31,		
Indicator		**Unit**	**2023**	**2024**	**2025**
Water consumption	Total water consumption	m^3	1,710.6	1,482.2	1,092.3

Corporate Resource Management

In terms of packaging materials used for finished products, we strive to minimize material usage and to select environmentally friendly materials whenever possible. The Group's packaging materials mainly include paper boxes, aluminum foil bags, cartons, and foam. In 2025, the total amount of packaging materials used for finished products by the Group was approximately 4.8 tons, of which approximately 2.9 tons were paper boxes, 0.6 tons were aluminum foil bags, 0.4 tons were cartons, 0.1 tons were foam, and around 0.8 tons were other remaining types combined.

Emission and Waste Management

With respect to greenhouse gas emissions, due to the nature of our business, we do not generate greenhouse gas emissions directly associated with factory production. We promote non-hazardous waste sorting in accordance with the requirements of local authorities, and provide categorized waste bins in office areas for employees. All collected waste is then handed over to property service providers and local authorities for further treatment.

Social Responsibility

Employees

In terms of labor and employment, we strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other relevant laws and regulations. We have formulated the Social Responsibility Management Manual and the CSR Red Line Crisis Response Plan, which include clauses prohibiting the use of child labor and forced labor. We also established the Occupational Health Monitoring and Management System and, in 2024 and 2025, carried out First Aid Training, Disease Prevention Skills Training, and Fire Safety Training to prevent occupational hazards. In addition, we provide commercial insurance to employees and organize annual medical checkups to ensure proper health management. As of December 31, 2023, and December 31, 2024, the Company had 136 and 144 full-time employees, respectively. As of December 31, 2025, the Company had 158 full-time employees, comprising 92 males and 66 females. In 2025, there were 61 employees under 30, 95 employees aged between 30 and 50, and 2 employees aged over 50.

Talent Development and Incentives

Talent Development Framework

We have established a comprehensive talent development program. We open positions globally to attract high-caliber talent worldwide and have built a systematic training framework to enhance employees' professional competencies and overall capabilities through management training, specialized training for research and development personnel, and general skills development. This provides strong talent support for the Company's ongoing innovation and growth. We empower managerial talent and strengthen employees' capability through a wide range of initiatives, including more effective management training, the creation of talent exchange platforms, and the development of resource support systems. In 2023, 2024 and as of December 31, 2025, the number of training sessions we offered was 17, 45 and 29, respectively.

Talent Incentive Mechanism

To further establish and improve a long-term incentive mechanism, attract and retain outstanding talents, and fully motivate our core teams, the Company offers competitive compensation and makes contributions to social insurance and the housing provident fund according to relevant laws and regulations. We also grant performance-based bonuses, and implement an equity incentive plan for high-performing employees.

Looking ahead, we will continue to enhance our talent development framework and refine incentive mechanisms to provide robust career growth platforms for our employees, reinforcing our commitment to shared growth between our staff and the Company. Through systematic talent cultivation and targeted incentives, we aim to build a high-caliber, high-performance team that delivers strong talent support for the Company's sustainable development.

Occupational Health, Safety and Care

We have established a comprehensive occupational health and safety management system. In strict compliance with relevant laws and regulations of China, we have formulated the Emergency Response Plan and Measures for Contingencies, which requires regular fire drills (two fire drills in 2023, one in 2024, and two in 2025). At the same time, we have also formulated the Occupational Health Monitoring and Management System, the Emergency Response Plan and Measures for Contingencies, and the Emergency Response Plan for Public Health Emergencies and Infectious Disease Outbreaks. In addition, we set up a natural disaster prevention and daily management team to conduct internal monitoring.

We place great importance on building employees' safety awareness and skills. Under the Occupational Health Monitoring and Management System, we carried out First Aid Training, Disease Prevention Skills Training, and Fire Safety Training in 2024 and 2025, aiming to prevent occupational hazards. Over the past three years, there have been no fatal industrial accidents.

Supply Chain Management

In terms of environmental collaboration with suppliers, we have adopted a series of proactive initiatives. We categorize suppliers into two groups: strategic suppliers and general suppliers, for conducting annual audits as well as quarterly and annual performance evaluations of suppliers. These assessments are based on key indicators including quality, delivery timeliness, engineering capability, cooperation attitude, and pricing. For strategic suppliers as well as joint product lines between AKS and suppliers, the HOD of Supply Chain leads mutual visits each year to exchange views on business and roadmaps, and to jointly agree on future cooperation needs. This enables us to accurately identify environmental and social risks across different aspects of the supply chain. Specific personnel are designated for our supplier selection. The Supply Chain Department is responsible for supplier sourcing, price negotiation and signing confidentiality agreements, as well as establishing the supplier code. The SQE Department is responsible for auditing supplier qualifications, ensuring compliance with laws and regulations, and signing quality agreements, PCN agreements, and environmental protection agreements. The R&D Department evaluates the environmental technology feasibility of suppliers. We have also established comprehensive standards for screening new suppliers. When engaging a new supplier, we check whether it has obtained ISO 14001 certification and a pollutant discharge permit from the local environmental protection authority. Continuous assessments are also conducted during annual audits. The SQE annual audit evaluates suppliers' environmental and social responsibilities and classifies any non-conformities by severity level; suppliers with major or critical findings are required to take corrective actions on a priority basis. If corrective actions are unsuccessful, the SQE will report to senior management for supplier replacement. In addition, we require suppliers to sign RoHS and REACH, prohibiting the use of harmful substances.

Intellectual Property Management

We have established policies and incentive mechanisms for intellectual property management and obtained certification for our intellectual property management system.

Anti-corruption and Anti-bribery

Adhering to the principle of integrity in business operations, we have established a comprehensive compliance management system in strict accordance with the Company Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China, and other laws and regulations of China. Meanwhile, we formulated the Code of Business Ethics and completed related training and the signing of integrity agreements. During the Track Record Period and up to the Latest Practicable Date, neither the Company nor any employees had been involved in any corruption litigation cases.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business and operations such as information technology, financial reporting, and internal control. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of the company's strategic development goals.

Our Board of Directors is responsible for the establishment and regular updates of our internal control systems, ensuring they remain aligned with our strategic objectives, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department. Our internal audit department jointly with our Board's Audit Committee regularly assesses and evaluates our internal controls, identifying areas of improvement and ensuring compliance with corporate policies.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth information in respect of our Directors:

Name	Age	Position(s)	Date of First Appointment as Director	Date of Joining our Group	Role and Responsibilities	Relationship with Other Directors and Senior Management
Dr. Guo Liangliang (郭亮良)	44	Chairperson of our Board, executive Director, chief executive officer and general manager	July 5, 2022	October 25, 2019	Responsible for overseeing the overall business management and leadership of our Group	None
Mr. Li Weigang (李衛剛)	44	Executive Director and deputy general manager	October 29, 2024	October 25, 2019	Responsible for managing the daily operations of the supply chain of our Group	None
Mr. Chen Kaiyu (陳開宇)	44	Executive Director and deputy general manager	October 29, 2024	October 11, 2021	Responsible for managing our Group's power device product line	None
Mr. Li Xin (李鑫)	37	Executive Director, deputy general manager and chief financial officer	February 20, 2020	November 2, 2019	Responsible for overseeing the financial management and business strategies of our Group	None
Mr. Wang Yiming (王一鳴)	43	Executive Director	September 10, 2025	April 1, 2022	Responsible for managing the IC product line of our Group	None
Mr. Lu Xiaobao (盧小保)	46	Non-executive Director	February 20, 2020	February 20, 2020	Responsible for participating in major decisions on our Group's operations and development	None
Dr. Han Jun (韓軍)	48	Independent non-executive Director	September 10, 2025	September 10, 2025	Responsible for providing independent advice and judgment to our Board	None
Ms. Wu Minyan (吳敏豔)	50	Independent non-executive Director	September 10, 2025	September 10, 2025	Responsible for providing independent advice and judgment to our Board	None
Mr. Li Fai (李輝)	46	Independent non-executive Director	September 10, 2025	September 10, 2025	Responsible for providing independent advice and judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Dr. Guo Liangliang (郭亮良) has served as the Chairperson of our Board, executive Director, chief executive officer and general manager since July 2022. From October 2019 to July 2022, he worked as a deputy general manager of our Company.

Dr. Guo has over 18 years of experience in the semiconductor industry. From April 2007 to September 2008, he worked at Shanghai Hua Hong NEC Electronics Co., Ltd. (上海華虹NEC電子有限公司) ("**Hua Hong NEC**"), a subsidiary of Hua Hong Semiconductor Ltd. (華虹半導體有限公司) ("**Hua Hong Semiconductor**") (stock code: 1347 and 688347.SH). From October 2008 to June 2018, he worked at Semiconductor Manufacturing International (Shanghai) Corporation (中芯國際集成電路製造(上海)有限公司) ("**SMIC Shanghai**"), a subsidiary of Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司) ("**SMIC**") (stock code: 981 and 688981.SH), where he was responsible for establishing advanced process platforms, leading process research and development. From July 2018 to September 2018, he worked at the Shanghai Branch of Shaoxing Semiconductor Manufacturing International Corporation* (previously known as Shanghai Branch of Semiconductor Manufacturing International (Shaoxing) Corporation*) (紹興中芯集成電路製造股份有限公司上海分公司 (原中芯集成電路製造(紹興)有限公司上海分公司)), a subsidiary of United Nova Technology Co., Ltd. (芯聯集成電路製造股份有限公司) (stock code: 688469.SH) ("**UNT**"), where he was responsible for research and development of advanced structural designs and/or manufacturing process for ICs, including those of MEMS products. From September 2018 to October 2019, he worked at Hepta Technology Co., LTD.* (七色堇電子科技(上海)有限公司) ("**Hepta Technology**"), a company principally engaged in manufacturing, designing, and research and development of IC. He previously served as deputy general manager of technology and marketing at Hepta Technology.

Dr. Guo obtained his bachelor's degree in engineering (majoring in electronic science and technology) from Xi'an University of Technology (西安理工大學) in the PRC in July 2004, his master's degree in engineering (majoring in microelectronics and solid state electronics) from Xidian University (西安電子科技大學) in the PRC in July 2007, and his doctoral degree in engineering (majoring in microelectronics and solid state electronics) from Xidian University (西安電子科技大學) in the PRC in June 2024.

Mr. Li Weigang (李衛剛) has served as a deputy general manager of our Company since then and an executive Director of our Company since October 2019.

Mr. Li has approximately 19 years of experience in the semiconductor industry. From October 2005 to January 2014, he successively worked at Hua Hong NEC and Shanghai Huahong Grace Semiconductor Manufacturing Corporation (上海華虹宏力半導體製造有限公司), both of which are subsidiaries of Hua Hong Semiconductor, where he was responsible for research and development of semiconductor-related technologies. From January 2014 to May 2018, he worked at SMIC Shanghai, where he was responsible for research and development of advanced structural designs and/or manufacturing process for ICs, including those of MEMS products. From May 2018 to October 2019, he served as a deputy general manager at Hepta Technology.

Mr. Li obtained his bachelor's degree in polymer materials and engineering from Nanjing Tech University (南京工業大學) in the PRC in July 2005.

Mr. Chen Kaiyu (陳開宇) has served as a deputy general manager of our Company since October 2021.

Mr. Chen has over 21 years of experience in the semiconductor industry. From July 2004 to August 2005, he worked as a process integration engineer at Taiwan Semiconductor Manufacturing Company (Shanghai)* (台積電(上海)有限公司), a subsidiary of Taiwan Semiconductor Manufacturing Company Ltd. (台灣積體電路製造股份有限公司) (stock code: 2330.TW) and whose American Depositary Receipts are listed on the New York Stock Exchange (stock symbol: TSM). From August 2005 to August 2006, he worked at Advanced Semiconductor Manufacturing Corporation Limited (上海先進半導體製造有限公司 (原上海先進半導體製造股份有限公司)), a company previously listed on the Stock Exchange. From August 2006 to March 2011, he worked as a section manager in the integration department at Alpha and Omega Semiconductor Device (Shanghai) Co., Ltd.* (萬代半導體元件(上海)有限公司), a subsidiary of Alpha and Omega Semiconductor Limited (stock symbol: NASDAQ: AOSL). From March 2011 to December 2013, he worked at a subsidiary of Diodes (SHANGHAI) Investment Company Limited* (達邇(上海)投資有限公司) ("**Diodes (SHANGHAI)**"), Shanghai Kaihong Electronics Co., Ltd.* (上海凱虹電子有限公司) ("**Kaihong Electronics**"), a company principally engaged in manufacturing and selling IC products. From January 2014 to October 2021, he worked at a subsidiary of Diodes (SHANGHAI), Shanghai Kaihong Technology Electronics Co., Ltd.* (上海凱虹科技電子有限公司) ("**Kaihong Technology**"), a company principally engaged in manufacturing and selling IC products. He previously worked as a MOSFET design and process manager, and a marketing and research and development manager at Kaihong Electronics and Kaihong Technology.

Mr. Chen obtained his bachelor's degree in engineering (majoring in electronic science and technology) from Xidian University (西安電子科技大學) in the PRC in July 2004 and his master's degree in engineering (majoring in electronics and communications engineering) from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2008.

Mr. Li Xin (李鑫) joined our Group in November 2019 as a deputy general manager and chief financial officer. He served as an executive Director of our Company from February 2020 to July 2022 and has resumed the role since October 2024. He has also served as a director of Alkaidsemi (HK) since March 2026.

Mr. Li has over 10 years of experience in the semiconductor industry. From May 2015 to June 2018, he worked at SMIC Shanghai, where he was responsible for research and development of advanced structural designs and/or manufacturing process for ICs, including those of MEMS products. From July 2018 to November 2019, he worked as a senior engineer in the system engineering department at UNT, where he was responsible for research and development of advanced structural designs and/or manufacturing process for ICs, including those of MEMS products, as well as supply chain management.

Mr. Li obtained his bachelor's degree in engineering (majoring in materials science and engineering) from Tongji University (同濟大學) in the PRC in July 2012 and his master's degree in materials science and technology from Loughborough University in the United Kingdom in December 2014. He was certified as a Financial Risk Manager by the Global Association of Risk Professionals in July 2020 and admitted as a Chartered Financial Analyst of the Institute of Chartered Financial Analysts in September 2020.

Mr. Wang Yiming (王一鳴) has worked as a research and development director of the signal chain product line of our Company from April 2022 to September 2025.

Mr. Wang has over 18 years of experience in the semiconductor industry. From July 2007 to April 2016, he worked at Chengdu Monolithic Power Systems Co., Ltd.* (成都芯源系統有限公司), with his last position as failure analysis manager. From January 2017 to September 2018, he worked at Chengdu Hiwafer Semiconductor Co., Ltd.* (成都海威華芯科技有限公司), a company principally engaged in IC design and production. From October 2018 to March 2022, he served as operation director at Chengdu Convenient Power Semiconductor Co., Ltd.* (成都易沖半導體有限公司), a company principally engaged in IC design, where he was primarily responsible for managing the operation department.

Mr. Wang obtained his bachelor's degree in engineering (majoring in electronic science and technology) from Xi'an University of Technology (西安理工大學) in the PRC in July 2004 and his master's degree in engineering (majoring in microelectronics and solid state electronics) from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 2007. He was recognized as a senior electronics engineer by Chengdu Qualification Title Reform (成都市職稱改革工作領導小組) in December 2017.

Non-executive Director

Mr. Lu Xiaobao (盧小保) joined our Group as a non-executive Director in February 2020.

From December 2004 to May 2017, he successively worked as a sales engineer, deputy manager of the sales and marketing department and manager of the sales and marketing department at Xi'an Supermicro Electronics Co., Ltd.* (西安深亞電子有限公司), a company principally engaged in designing IC. Since May 2017, he has successively served as investment manager, senior investment manager, investment director, team leader of the semiconductor team and general manager at CAS Star Technology Investment Co., Ltd.* (中科創星科技投資有限公司), a company principally engaged in early-stage investment in hard technology industries, where he was primarily responsible for external investment.

Mr. Lu obtained his bachelor's degree in engineering (majoring in applied electronic technology) from Northwest University (西北大學) in the PRC in July 2002 and his master's degree in engineering (majoring in electronics and communications engineering) from Xi'an University of Posts and Telecommunications (西安郵電大學) in the PRC in June 2014.

Independent Non-executive Directors

Dr. Han Jun (韓軍) joined our Group as an independent non-executive Director in September 2025.

Dr. Han has successively served as assistant researcher at the Faculty of Information Science and Engineering, associate researcher at the Faculty of Microelectronics and professorate senior researcher at the Faculty of Microelectronics at Fudan University (復旦大學) in the PRC since July 2006. Since January 2024, Dr. Han has served as an independent director at Infotmic Co., Ltd. (盈方微電子股份有限公司) (stock code: 000670.SZ).

Dr. Han obtained his bachelor's degree in engineering (majoring in optoelectronic technology) from Xidian University (西安電子科技大學) in the PRC in June 2000, his master's degree in engineering (majoring in microelectronics and solid state electronics) from Xidian University (西安電子科技大學) in the PRC in March 2003 and his doctoral degree in microelectronics and solid state electronics from Fudan University (復旦大學) in the PRC in June 2006.

Ms. Wu Minyan (吳敏豔) joined our Group as an independent non-executive Director in September 2025.

Ms. Wu has successively worked at the Audit Department from July 1998 to July 2002, at the Faculty of Management Engineering from September 2002 to June 2009, at the Faculty of Management from June 2009 to July 2013, at the Faculty of Economics and Management from July 2013 to November 2019, at the Faculty of Business since December 2019, all at Suzhou Institute of Technology (previously known as Changshu Institute of Technology) (蘇州工學院(原常熟理工學院)) in the PRC. She has held the position of associate professor at Suzhou Institute of Technology since August 2010. She has also served as the independent director of Jiangsu Zhangjiagang Rural Commercial Bank Co., Ltd. (江蘇張家港農村商業銀行股份有限公司) (stock code: 002839.SZ) since June 2023 and Changshu Tongrun Auto Accessory Co., Ltd. (常熟通潤汽車零部件股份有限公司) (stock code: 603201.SH) since March 2025.

Ms. Wu obtained her bachelor's degree in accounting from Nanjing Audit University (南京審計大學) in the PRC in June 1998 and her master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2007. She has been qualified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國注冊會計師協會) since October 2007 and recognized as an associate professor by the Jiangsu Province Human Resources and Social Protection Agency (江蘇省人力資源和社會保障廳) since August 2010.

Mr. Li Fai (李輝) joined our Group as an independent non-executive Director in September 2025.

Mr. Li worked at Jun He Law Office (君合律師事務所) from June 2014 to August 2016 and at Mayer Brown JSM (孖士打律師行) from September 2016 to August 2018, and was a partner at LC Lawyers LLP (林朱律師事務所) from January 2022 to October 2023. He also served as a partner at Jingtian & Gongcheng LLP (競天公誠律師事務所) from September 2018 to December 2021, and has resumed the role since February 2024.

Mr. Li obtained his bachelor's degree in laws from the University of Hong Kong in December 2002 and his postgraduate certificate in laws from The University of Hong Kong in June 2003. He was qualified as a solicitor in Hong Kong by the High Court of Hong Kong since October 2005 and a civil celebrant of marriages in Hong Kong by the Immigration Department of Hong Kong since October 2016. He has also been recognized as a Greater Bay Area lawyer by the Department of Justice of Guangdong Province (廣東省司法廳) since August 2023.

General

Save as disclosed in this section, the section headed ''History, Development and Corporate Structure'' and the paragraph headed ''Further Information about Our Directors and Substantial Shareholders'' in Appendix VI to this document, each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 20, 2025, and understood his/her obligations as a director of a **[REDACTED]** issuer;

(2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company; and

(6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors, including the proposed independent non-executive Director, has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of First Appointment as Senior Management	Date of Founding/ Joining our Group	Role and Responsibilities	Relationship with Directors and Other Senior Management
Dr. Guo Liangliang (郭亮良)	44	Chairperson of our Board, executive Director, chief executive officer and general manager	October 25, 2019	October 25, 2019	Responsible for overseeing the overall business management and leadership of our Group	None
Mr. Li Weigang (李衛剛)	44	Executive Director and deputy general manager	October 25, 2019	October 25, 2019	Responsible for managing the daily operations of the supply chain of our Group	None
Mr. Chen Kaiyu (陳開宇)	44	Executive Director and deputy general manager	October 11, 2021	October 11, 2021	Responsible for managing our Group's comprehensive business of power device product line	None
Mr. Li Xin (李鑫)	37	Executive Director, deputy general manager and chief financial officer	November 25, 2019	November 2, 2019	Responsible for overseeing the financial management and business strategies of our Group	None
Mr. Wang Qingsong (王青松)	44	Deputy general manager	November 1, 2019	November 1, 2019	Responsible for managing the Group's signal chain product line business	None
Mr. Zheng Zhaoxing (鄭召星)	46	Deputy general manager	November 22, 2021	November 22, 2021	Responsible for overseeing the quality management of our Group	None
Ms. Luo Xi (羅希)	48	Deputy general manager	January 13, 2025	January 13, 2025	Responsible for managing the sales business of our Group	None
Mr. Wang Shu (王曙)	37	Board secretary	December 21, 2023	December 21, 2023	Responsible for handling matters relating to shareholders' meetings, board meetings, document storage, shareholders' information and disclosure of information	None

For biographical details of Dr. Guo Liangliang (郭亮良), Mr. Li Weigang (李衛剛), Mr. Chen Kaiyu (陳開宇) and Mr. Li Xin (李鑫), see "— Board of Directors — Executive Directors" in this section.

The details of each of the other senior management members are set out below:

Mr. Wang Qingsong (王青松) has served as a deputy general manager since July 2022 and a general manager of our Company from November 2019 to July 2022. He has served as director of Alkaid Huzhou since July 29, 2020 and a director of Xi'an Alkaidsemi since November 16, 2020.

Mr. Wang previously worked at Spreadtrum Communications (Shanghai) Co., Ltd.* (展訊通信(上海)有限公司), a company principally engaged in the mobile baseband IC and solutions business, and ZTE Corporation (中興通訊股份有限公司) (stock code: 763 and 000063.SZ). From October 2011 to May 2017, he worked at Shenzhen HiSilicon Semiconductor Co., Ltd.* (深圳海思半導體有限公司), where he was primarily responsible for Kirin IC design work. From May 2017 to November 2019, he worked at Allwinner Technology Co., Ltd.* (西安全志科技有限公司), a company principally engaged in IC design and product sales, with his last position as R&D technical director.

Mr. Wang obtained his bachelor's degree in engineering (majoring in electronic science and technology) from Xidian University (西安電子科技大學) in the PRC in July 2004 and his master's degree in engineering (majoring in electronic science and technology) from Xidian University (西安電子科技大學) in the PRC in March 2007.

Mr. Zheng Zhaoxing (鄭召星) has served as a deputy general manager of our Company since November 2021.

From June 2002 to March 2019, Mr. Zheng worked at SMIC Shanghai, holding successive positions as engineer, senior engineer, assistant manager, manager, senior manager, and assistant director. From March 2019 to October 2020, he worked as a foundry director at Shanghai SeeYA Technology Corporation* (上海視涯科技股份有限公司), a company principally engaged in designing, manufacturing and selling microdisplay device. From January 2021 to November 2021, he worked at Shanghai Huali Integrated Circuit Corporation* (上海華力集成電路製造有限公司), a company principally engaged in the design, manufacturing and sales of IC and related products.

Mr. Zheng obtained his bachelor's degree in microelectronic science from Shenyang University of Technology (瀋陽工業大學) in the PRC in July 2001.

Ms. Luo Xi (羅希) has served as a deputy general manager of our Company since January 2025.

From May 2006 to May 2023, Ms. Luo worked at Infineon Technologies (China) Co., Ltd.* (英飛淩科技(中國)有限公司) ("**Infineon China**"). She previously served as the head of automotive electronics sales at Infineon China. From May 2023 to January 2025, she served as vice president of sales at Shanghai Jingxin Haotong Semiconductor Technology Co., Ltd.* (上海景芯豪通半導體科技有限公司), a company principally engaged in design and development of network communication IC.

Ms. Luo obtained her bachelor's degree in science (majoring in mechatronics) from Zhejiang University of Technology (浙江工業大學) in the PRC in July 2000 and her master's degree in management science and engineering from Shanghai University (上海大學) in the PRC in June 2005.

Mr. Wang Shu (王曙) has served as our Board secretary since December 2023.

Before joining our Group, from July 2013 to December 2016, Mr. Wang worked at Huatai Securities Co., Ltd. (華泰證券股份有限公司) ("**Huatai Securities**") (stock code: 6886, 601688.SH and HTSC.LSEG). From December 2016 to December 2023, he worked at Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), a subsidiary of Huatai Securities.

Mr. Wang obtained his bachelor's degree in information management and information system from Jiangnan University (江南大學) in the PRC in June 2010 and his master's degree in management science and engineering from Nanjing University (南京大學) in the PRC in June 2013. He has obtained the accreditation and qualification of sponsor representative from the Securities Association of China (中國證券業協會) in December 2020.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VI to this document, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. Wang Shu (王曙) was appointed as one of our joint company secretaries with effect from **[REDACTED]**. Mr. Wang is our Board secretary. For further details, see "— Senior Management" in this section.

Ms. Ha Ching Ching (夏正靜), aged 46, was appointed as one of our joint company secretaries with effect from **[REDACTED]**. She has over 19 years of professional experience in auditing, financial management, tax planning, corporate governance, mergers and acquisitions, and initial public offerings.

Ms. Ha worked as a financial director at Cargill Grain and Oilseeds (Yangjiang) Limited (嘉吉糧油(陽江)有限公司) from January 2007 to December 2011, at Kerry Properties Development Management (Shanghai) Co., Ltd. (嘉里建設管理(上海)有限公司) from January 2012 to May 2016 and at Lee Kum Kee (China) Trading Limited (李錦記(中國)銷售有限公司) from September 2016 to February 2017. Since April 2018, she has been a financial controller at Huajun Energy Group Limited (華君能源集團有限公司), a subsidiary of China Huajun Group Limited (中國華君集團有限公司) (stock code: 377), where she is responsible for overseeing the entire finance function for the Huajun Energy segment in China and Hong Kong region. Concurrently, she has served as a director at Danok Corporate Services Limited (丹諾商業服務有限公司) since September 2024.

Ms. Ha obtained her bachelor's degree in commerce (majoring in accounting) from the University of Adelaide in Australia in December 2000. She has been a member of The Australian Society of Certified Practising Accountants since September 2004 and a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2006.

COMPLIANCE ADVISER

We have appointed Ignite Capital (Asia Pacific) Limited (燃亮資本(亞太)有限公司) as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and **[REDACTED]** volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Ignite Capital (Asia Pacific) Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the **[REDACTED]** and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the **[REDACTED]**.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Dr. Han Jun, Ms. Wu Minyan and Mr. Li Fai, with Ms. Wu Minyan being the chairperson of the committee. Ms. Wu Minyan holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of Mr. Li Xin, Ms. Wu Minyan and Mr. Li Fai, with Mr. Li Fai being the chairperson of the committee. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Mr. Li Xin, Ms. Wu Minyan and Mr. Li Fai, with Mr. Li Fai being the chairperson of the committee. The primary duties of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Code Provision A.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Guo is the chairperson of our Board and our chief executive officer. With considerable experience in semiconductor industry and having served in our Group since its establishment, Dr. Guo has been supervising and providing overall management, operation and strategies of our Group. Despite the fact that the roles of the Chairperson of our Board and our chief executive officer are both performed by Dr. Guo, which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of the Chairperson of our Board and our chief executive officer both in Dr. Guo is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Upon **[REDACTED]**, our Board will comprise five executive Directors, one non-executive Director and three independent non-executive Directors, and therefore, will have a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all applicable code provisions under the Corporate Governance Code after the **[REDACTED]**.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We [have adopted] a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall management and strategic development as well as knowledge and experience in areas such as sales, corporate strategic positioning, corporate finance, accounting, compliance, auditing, legal practice, and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including microelectronics, solid state electronics, polymer materials and engineering, communications engineering, material science, electronic science and technology, mechatronics, information management, accounting and law. Furthermore, our Board has a relatively wide range of ages, ranging from 36 years old to 50 years old, and consists of eight male members and one female member. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

We offer our executive Directors and senior management members, who are also employees of our Group, emolument the form of salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The aggregate amounts of remuneration (including salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) which were paid or payable to our Directors for the financial years ended December 31, 2023., 2024 and 2025 were RMB2,126,000, RMB2,774,000, and RMB6,467,000, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) payable to our Directors for the financial year ending December 31, 2026 would be approximately RMB6,862,000 under arrangements in force as of the date of this document.

For the financial years ended December 31, 2023, 2024 and 2025, there were 0, 0 and 1 Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the financial years ended December 31, 2023, 2024 and 2025 were RMB17,295,000, RMB11,453,000 and RMB9,635,000, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments. Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period. For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see note 14 to the Accountants' Report.

OVERVIEW

Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Ruishixin, our employee shareholding platform, will be entitled to control **[REDACTED]** of the voting rights of our Company. Dr. Guo, chairperson of our Board, executive Director, our chief executive officer and general manager, serves as the general partner of Ruishixin. As such, Ruishixin and Dr. Guo will be our Controlling Shareholders as defined in the Listing Rules upon **[REDACTED]**.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the **[REDACTED]**, taking into consideration of the factors below.

Management Independence

Our Board comprises nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors and Senior Management" in this document;

(c) we have appointed three independent non-executive Directors, comprising one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, please refer to the paragraph headed "Corporate Governance Measures" in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates. Based on the above, our Directors believe that we are capable of carrying on our business independently of and do not place undue reliance on our Controlling Shareholders and their close associates after the **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Ignite Capital (Asia Pacific) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the **[REDACTED]**.

INTEREST IN COMPETING BUSINESS OF OUR CONTROLLING SHAREHOLDERS AND THE DIRECTORS

None of the members of our Controlling Shareholders or our Directors was, as of the Latest Practicable Date, interested in or engaged in any business, other than our Company, which, competes or is likely to compete, either directly or indirectly, with our Group's businesses and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Number and Type of Shares	Approximate Percentage of Shareholding in the Relevant Type of Shares(1)	Approximate Percentage of Shareholding in the Total Share Capital of our Company(1)
Ruishixin(2)	Beneficial owner	84,838,770 H Shares	**[REDACTED]**	**[REDACTED]**
Dr. Guo(2)	Interest in controlled corporation	84,838,770 H Shares	**[REDACTED]**	**[REDACTED]**
Everest Venture Capital Co., Ltd.* (朗瑪峰創業投資有限公司) ("**Everest VC**")(3)	Interest in controlled corporation	15,280,430 H Shares	**[REDACTED]**	**[REDACTED]**
Mr. Xiao Jiancong (肖建聰) ("**Mr. Xiao**")(3)	Interest in controlled corporation	15,280,430 H Shares	**[REDACTED]**	**[REDACTED]**
Shanghai Chuangxing Zhiguang Venture Capital Management Co., Ltd.* (上海創星之光創業投資管理有限公司) ("**Shanghai Chuangxing**")(4)	Interest in controlled corporation	14,224,800 H Shares	**[REDACTED]**	**[REDACTED]**
CAS Star Technology Investment Co., Ltd.* (中科創星科技投資有限公司) ("**CAS Star Investment**")(4)(5)	Interest in controlled corporation	15,466,800 H Shares	**[REDACTED]**	**[REDACTED]**
Xi'an Huike Enterprise Management Consultancy Co., Ltd.* (西安慧科企業管理諮詢股份有限公司) ("**Xi'an Huike**")(4)(5)	Interest in controlled corporation	15,466,800 H Shares	**[REDACTED]**	**[REDACTED]**
MI Lei (米磊) ("**Mr. Mi**")(4)(5)(6)	Interest in controlled corporation	15,505,200 H Shares	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** and the Share Subdivision (assuming that the **[REDACTED]** is not exercised). The number of Shares were presented based on the assumption that the Share Subdivision is completed.

(2) The general partner of Ruishixin is Dr. Guo. Therefore, Dr. Guo was deemed to be interested in the Shares held by Ruishixin under the SFO.

(3) Everest VC is the general partner of each of Everest No.39, Everest No. 58, Everest No. 74, Everest No. 79, Everest No.80, Everest No.81, Everest No.82, Everest No.83 and Everest No.84 (together, the "**Everest Funds**"). Everest VC is ultimately controlled by Mr. Xiao. Therefore, each of Everest VC and Mr. Xiao was deemed to be interested in the Shares held by each of the Everest Funds under the SFO.

(4) Shanghai Chuangxing is the general partner of each of Chuangxing Yaoying and Chuangxing No.1. Therefore, Shanghai Chuangxing was deemed to be interested in the Shares held by each of Chuangxing Yaoying and Chuangxing No.1 under the SFO.

Chuangxing No.10 is owned as to 99.99% by its limited partner, Wuxi Chuangshang Xingbo Venture Capital Partnership (Limited Partnership)* (無錫創尚星博創業投資合夥企業有限合夥)) ("**Wuxi Chuangshang**"). Shanghai Chuangxing is the general partner of Wuxi Chuangshang. Therefore, Shanghai Chuangxing was also deemed to be interested in the Shares held by Chuangxing No.10 under the SFO.

(5) Shanghai Chuangxing is a wholly-owned subsidiary of CAS Star Investment. CAS Star Investment is owned as to 49.93% by Xian Huike, which in turn is owned as to 47.99% by Mr. Mi. Therefore, under the SFO, each of CAS Star Investment, Xian Huike and Mr. Mi was deemed to be interested in the Shares held by each of Chuangxing Yaoying, Chuangxing No.1 and Chuangxing No.10.

The general partner of Chuangxing No.10 is Xi'an Fengdong New City Zhongke Chuangxing Enterprise Management Consulting Partnership (Limited Partnership)* (西安市灃東新城中科創星企業管理諮詢合夥企業(有限合夥)) ("**Xi'an Fengdong**"). Xi'an Fengdong is held as to approximately 6.21% by Beijing CAS Star Technology Co., Ltd.* (北京中科創星科技有限公司)("**Beijing CAS Star Technology**"), its general partner, and approximately 93.79% by CAS Star Investment. Beijing CAS Star Technology is wholly-owned by CAS Star Investment. By reason of the foregoing, under the SFO, each of CAS Star Investment, Xian Huike and Mr. Mi was also deemed to be interested in the Shares held by each of Chuangxing Yaoying, Chuangxing No.1 and Chuangxing No.10.

Chuanfa Chuangxing is a limited partnership established in the PRC. One of the general partners of Chuanfa Chuangxing is Xi'an CAS Star Venture Capital Investment Management Limited* (西安中科創星創業投資管理有限公司), which is wholly owned by CAS Star Investment. Therefore, under the SFO, each of CAS Star Investment, Xian Huike and Mr. Mi was deemed to be interested in the Shares held by Chuanfa Chuangxing.

(6) The general partner of Yangling Zhongke Chuangxing is Gongqingcheng Feichuang Investment Management Partnership (Limited Partnership)* (共青城飛創投資管理合夥企業(有限合夥)) ("**Gongqingcheng Feichuang**"). Therefore, Gongqingcheng Feichuang is deemed to be interested in the Shares held by Yangling Zhongke Chuangxing under the SFO.

Yangling Zhongke Chuangxing is owned as to 99% by Quanzhou Chuangxing Zhongke Management Consulting Partnership (Limited Partnership)* (泉州創星忠科管理諮詢合夥企業(有限合夥)) ("**Quanzhou Chuangxing Zhongke**"), its sole limited partner. The general partner of Quanzhou Chuangxing Zhongke is Gongqingcheng Feichuang. Therefore, each of Quanzhou Chuangxing Zhongke and Gongqingcheng Feichuang is deemed to be interested in the Shares held by Yangling Zhongke Chuangxing under the SFO.

Mr. Mi, as limited partner, owns 50% of the partnership interest in Gongqingcheng Feichuang. Therefore, Mr. Mi is deemed to be interested in the Shares held by Yangling Zhongke Chuangxing under the SFO.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), without taking into account the **[REDACTED]** that may be taken up under the **[REDACTED]**, have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB17,041,654 comprising **[REDACTED]** Unlisted Shares with a nominal value of RMB1.00 each.

We expect to conduct the Share Subdivision immediately prior to the **[REDACTED]**, pursuant to which each of our Share with par value of RMB1.00 will be subdivided into ten Shares with par value of RMB0.10 each. Upon completion of such Share Subdivision, the registered capital of our Company, which was RMB17,041,654 as of the date of this Document, will be divided into 170,416,540 Shares with par value of RMB0.10 per Share, and the number of our issued Shares will be 170,416,540.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, the share capital of our Company will be as follows:

Description of Shares	**Number of Shares**	**Approximate percentage of the total issued share capital** *(%)*
Unlisted Shares in issue*(note)*	–	–
H Shares to be converted from Unlisted Shares*(note)*	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon **[REDACTED]**, see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

Immediately upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is fully exercised, the share capital of our Company will be as follows:

Description of Shares	**Number of Shares**	**Approximate percentage of the total issued share capital** *(%)*
Unlisted Shares in issue*(note)*	–	–
H Shares to be converted from Unlisted Shares*(note)*	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon **[REDACTED]**, see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

RANKING

Each share issued by the company within the same class shall have identical rights under our Articles of Association. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

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

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

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

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

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the **[REDACTED]** shall not be transferred within one year from the **[REDACTED]**.

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

REGISTRATION OF SHARES NOT [REDACTED] ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Unlisted Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a general meeting of our Company is required, see "Summary of Articles of Association" in Appendix V to this document.

You should read the following discussion and analysis in conjunction with our consolidated financial information and the related notes thereto included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements due to various factors, including those set forth under "Risk Factors" and elsewhere in this document. For further details, see "Forward-Looking Statements". For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years.

OVERVIEW

We are a leading provider of power devices and audio ICs in China, and have established an integrated business structure covering design, production process development and sales, spanning across various end markets. Leveraging which, we focus on providing automotive, consumer electronics, energy and industrial, including AI data center power supply markets with power devices and audio ICs exhibiting high quality and strong endurance.

We are the only semiconductor company in China adopting a virtual IDM model to develop power devices, audio ICs, according to CIC. This allows us to achieve synergy between process development and manufacturing technological implementation, dynamic optimization of production capacity, and strong collaboration with foundries, resulting in a comprehensive set of competitive edges comprising technology definition power, effective control on supply chain, and quality control capability.

Our power device products serve as core components for electric energy conversion and circuit control, facilitating quality performance of power electronic devices in a wide range of mission-critical applications, including NEVs, AI data center power supply systems, and energy electrification. Leveraging our strong technology and innovation capability, we have passed relevant validation procedure and become a core supplier of many global leading automotive enterprises, exhibiting our leading technology position in automotive power device industry in China. In the meantime, we provide audio ICs, including MEMS products and signal chain ICs, where, by incorporating advanced algorithm, we can effectively satisfy complex audio processing needs of a great variety of smart devices, covering audio signal acquisition, conversion, processing.

According to CIC, we ranked sixth among Chinese suppliers in the domestic non-IDM power device market in terms of revenue in 2024. Simultaneously, according to CIC, in terms of shipment volume in 2024, we ranked third among global suppliers and first among domestic suppliers in the MEMS microphone IC sector, with a global market share of 16.8%.

Our revenue decreased from RMB432.7 million in 2023 to RMB383.2 million in 2024 due to an industry slowdown cycle in major downstream sectors, and increased to RMB541.5 million in 2025, due to successful upgrading of our product mixes and market penetration in certain high-value application sectors, coupled with a recovery in customer demand in downstream markets. As we continued to pursue market expansion and to scale up our sales, we anticipate to further grow our revenue scale.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards, which includes, International Financial Reporting Standards, International Accounting Standard ("**IAS**") and the related interpretations issued by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations). In addition, the historical financial information includes applicable disclosures required by the Rules Governing the **[REDACTED]** of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

For the purpose of preparing and presenting the historical financial information, all relevant standards, amendments and interpretations to the IFRS Accounting Standards that are effective during the Track Record Period have been adopted by us consistently throughout the Track Record Period, unless otherwise stated. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires our management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 to the Accountants' Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by several general factors, many of which are outside of our control, including but not limited to: overall economic growth and conditions; development and prosperity of the global semiconductor industry, in particular the power device and the audio IC sectors; conditions of the downstream markets of the semiconductor industry and the fluctuations in customer demand; technology development and competition in the semiconductor industry; and relevant laws and regulations, government policies and initiative.

Our results of operations are also affected by certain company-specific factors, including the following major factors:

Our product mix

Product mix is one of the factors influencing our financial conditions and results of operations. As of December 31, 2025, we offer 2,289 product models for sale. Furthermore, we plan to expand our offerings by approximately 300 models annually, thereby establishing a comprehensive and self-developed portfolio of IC products, designed to meet the quickly evolving demand from downstream customers. Our future success depends on our ability to adequately anticipate industry trends and develop products with high performance and differentiated products that meet the evolving demand of downstream customers.

We will continue to invest in our product portfolio, not only to diversify our product offerings in response to market trends, but also to iterate on and enhance our existing products and technology platform. This includes upgrading existing product specifications, enhancing high-margin product contribution, optimizing costs and profit margin, and improving product performance to ensure that we remain competitive and meet the evolving needs of our customers. Significant changes in our product mix will affect our gross profit margin due to the varying gross profit margin attributable to each product type. See "— Description of Certain Consolidated Statements of Profit or Loss and other Comprehensive Income Items — Gross Profit and Gross Profit Margin" in this section.

Demand from downstream markets and end customers

Our business performance is affected by the downstream market size and customer demand. According to CIC, in recent years, the downstream applications of power devices in the automotive, energy and industrial sectors have demonstrated significant growth. Downstream market demand could be affected by a number of factors including macroeconomic conditions, technological advancements, and the evolving needs of end customers across various sectors. Furthermore, the downstream market is experiencing trends such as higher levels of integration and development towards more intelligent products.

Our financial performance relies on our ability to continue to capture demand of existing downstream customers in automotive, consumer electronics, energy and industrial sectors. We believe that our diverse products and our ability to constantly innovate and adapt to evolving technological advancements, combined with our strong design and R&D capabilities, well position us to capture the market opportunities in the downstream market, driving our product sales and supporting long-term financial growth.

Our ability to control costs and improve operational efficiency

Our profitability depends in part on our ability to manage costs and optimize our operating efficiency. In 2023, 2024 and 2025, we incurred selling and distribution expenses of RMB30.5 million, RMB30.5 million and RMB34.7 million, representing 7.0%, 8.0% and 6.4% of our total revenue during the same periods, respectively, and our administrative expenses amounted to RMB46.1 million, RMB49.4 million and RMB49.1 million, representing 10.6%, 12.9% and 9.1% of our total revenue during the same periods, respectively. We seek to continue to enhance the management of our operating expenses through detailed budget management and performance monitoring, enabling us to manage overhead costs effectively.

Our continued investment in R&D, technology and product development

Our success is driven by our continuous innovation and strong capabilities in the power device and audio IC markets. We are supported by a robust R&D team composed of many semiconductor industry veterans with profound expertise in IC design, process and quality control, who played a critical role in maintaining our technological leadership and achieving design-win. Our ability to continue R&D activities, develop new technologies, design new products and enhance existing products is critical to our success. We have historically dedicated significant resources towards R&D. In 2023, 2024 and 2025, we recorded research and development expenses of RMB68.5 million, RMB59.2 million and RMB72.1 million, respectively, representing 15.8%, 15.4% and 13.3% of our total revenues during the same periods. Specifically, the progress of our technology and product development depends largely on our R&D talents. As of December 31, 2025, our R&D team consisted of 66 members, representing 41.8% of total employees as of the same date. Employee compensation (excluding share-based payments) for our R&D staff amounted to 36.9%, 49.2% and 43.4% of our research and development expenses in 2023, 2024 and 2025, respectively.

As we believe our market success and financial performance will significantly depend on our ability to maintain our technological leadership, we will continue to invest in proprietary technology development and innovation to grow our competitive strengths against our peers.

PATH TO PROFITABILITY

We plan to implement below business initiatives to drive sustainable growth, enhance operating efficiency and achieve profitability.

Expand Our Revenue Scale

We seek to drive sustainable revenue growth in the coming years through the following measures:

Deliver Orders on Hand

We have gained customer trust and built long term relationship through offering high-performance and cost-effective products. As of February 28, 2026, our order backlog amounted to a total value in the hundreds of millions of RMB. We plan to expand our revenue scale by efficiently converting this backlog into recognized revenue. Our substantial backlog reflects our product reliability, entrenched customer relationships and increasing share of wallet, providing strong revenue visibility and supporting our path to profitability.

Commercialize New Product Development Projects

We plan to expand our revenue scale by accelerating the commercialization of our new product development pipeline and converting these projects into mass production. As of December 31, 2025, we had 443 ongoing new product development projects with total expected annual revenue potential of over RMB1 billion. The steady progression of these projects from development to commercialization is expected to generate meaningful incremental revenue and support the sustainability of our business growth. Among these projects, 84 have reached the business-win stage, having secured signed sales agreements and initial low-volume production orders, a stage critical for turning into mass production.

Ramp-up SiC Power Device Product Sales

We plan to further expand our revenue scale by accelerating the ramp-up of our SiC power device product sales. Our SiC power device products exhibit significant growth potential, driven by accelerating adoption in high-value applications such as new energy vehicles, fast-charging infrastructure, and renewable energy systems. In 2025, we generated revenue from sales of SiC power device products of RMB117.7 million, representing a 5.5-fold increase from RMB21.2 million in 2024. This strong growth in revenue contribution from SiC power device sales was primarily driven by the commencement of mass production in the second half of 2025, which contributed majority of the full year revenue. We expect this revenue stream to be sustained over the next three years, supported by the typical product life cycle and continued demand from high-value application sectors. In addition, several SiC power device projects that have reached the business-win stage are scheduled to enter mass production in the first half of 2026, which is expected to enable rapid market entry and contribute to near-term revenue growth.

Enhance Pricing with Favorable Market Conditions to Capture Value

We plan to expand our revenue scale by strategically enhancing pricing level across our product portfolio in response to favorable market conditions. We are observing a broad-based increase in semiconductor prices since late 2025, especially for power device products, driven by sustained end-market demand and tightening supply. The latter is further exacerbated by significant AI-related demand, which continues to absorb substantial production capacity. In this environment, we are actively leveraging our product quality, reliability and market position to raise average selling prices across key product lines, capturing greater value while supporting margin expansion. This pricing strategy complements our ongoing efforts to scale revenue, optimize product mix, and strengthen overall financial performance.

Improve Product Margin

We plan to expand our gross profit margin through the following measures:

Enhance of Pricing Under Favorable Market Conditions

We plan to improve our gross profit margin by leveraging favorable market conditions to enhance our overall pricing level. We are observing gradually recovered market demand across key downstream sectors, alongside tightening industry supply, which together support a more constructive pricing environment. In particular, emerging demand from AI-related applications and continued growth in automotive and energy sectors are further strengthening pricing dynamics for high-performance power devices.

In this context, we intend to actively optimize our pricing strategy by leveraging our product quality, reliability and positioning in high-value applications to achieve higher average selling prices in sectors with favorable market conditions. These price increases will flow directly through to gross profit, as demonstrated by the higher average unit price and expanded margins of our SiC power devices in 2025.

Shift Product Mix Towards Higher-Margin Offerings

We will allocate resources toward products with more attractive margin profiles and gradually reduce the relative contribution of lower-margin offerings. We are increasing our focus on the sales of higher-margin products within our Si power device portfolio, including FRD, IGBT and Trench MOSFET, to further enhance our profitability.

Collaborate with foundry partners to drive unit costs reduction

We plan to improve our gross profit margin by driving continuous reductions in unit production costs through close collaboration with our foundry partners. Our material and outsourcing costs are primarily variable in nature and depend on factors such as production volume, product design, fabrication technologies and yield rates. As production scales, we typically benefit from lower per-unit costs driven by higher volumes, ongoing product design iterations that optimize wafer usage, maturing fabrication processes and improving yield rates. For example, we utilize our foundry partner's MOSFET platform to manufacture certain Si power devices. Since adopting this platform, we have continuously improved product designs, reduced wafer space usage, and expanded the variety of products produced on the platform. Concurrently, our foundry has streamlined the production process (e.g. reduce the number of photomask steps required) and enhanced yield rates. Consequently, the per-unit costs for products manufactured on this platform have consistently declined. We are collaborating closely with our foundry partners to drive this continuous cost reduction.

Strengthen inventory management

We plan to improve our gross profit margin by reducing inventory impairment losses through enhanced and more disciplined inventory management. In particular, we are aligning our inventory levels more closely with customer orders and demand forecasts with an aim to minimize excess or slow-moving stock, while maintaining sufficient flexibility to respond to market demand. This approach enables us to optimize inventory turnover and reduce the risk of obsolescence.

To support these efforts, we have established a dedicated sales and operations planning (SOP) team to oversee the entire sales life cycle. The SOP team is responsible for real-time tracking of orders and demand forecasts, as well as coordinating across functions to enable timely and proactive adjustments to production and delivery plans. Our gross inventory with ageing within 1 year declined to RMB157.6 million in 2025 from RMB160.9 million in 2024, despite strong growth in overall revenue during the same period.

Enhance Operating Efficiency

We plan to improve our operating efficiency and optimize our operating expenses through the following measures:

Selling and distribution expenses

We plan to moderately expand our sales team to enhance customer coverage and service capabilities. At the same time, we will maintain disciplined control over marketing and promotion expenses, as we primarily drive customer acquisition and retention through superior product design and performance rather than heavy promotional spending. We aim to achieve modest selling and distribution expense relative to our revenue growth.

Research and development expenses

We believe research and development expenses are a core component of our operating costs as we continue to invest in product iteration and new product development to support future business expansion. We anticipate modest overall increase in research and development expenses, as we identify areas of optimization and advance of research project stages.

We aim to improve overall R&D efficiency through technology reuse and targeted cost management initiatives. These include reducing duplicated R&D efforts, optimizing personnel utilization to enhance productivity and control labor-related expenses, and leveraging technologies developed through prior R&D investments to sustain our technological advantages at relatively low incremental cost. In addition, while we expect continued growth in employee benefit expenses driven by the recruitment of R&D personnel, such increases are expected to be partially offset by reductions in materials, testing and verification costs, as a significant portion of our R&D pipeline has progressed beyond the engineering verification and testing (EVT) stage.

Administrative expenses

We will actively monitor our administrative expenses and implement measures to improve operational efficiency. Our key initiative is to manage the related expenses including controlling the number of administrative personnel, adopting automation and AI tools to improve administrative activities. We expect that our administrative expense will remain relatively stable.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations.

For more details about our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, please see Notes 4 and 5 of the Accountants' Report in Appendix I to this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**
Cost of sales	(395,956)	(91.5)	(370,316)	(96.6)	(527,202)	(97.4)
Gross profit	**36,778**	**8.5**	**12,850**	**3.4**	**14,271**	**2.6**
Other income and other gains or loss, net	7,580	1.8	11,049	2.9	2,020	0.4
Selling and distribution expenses	(30,504)	(7.0)	(30,536)	(8.0)	(34,650)	(6.4)
Research and development expenses	(68,475)	(15.8)	(59,175)	(15.4)	(72,121)	(13.3)
Administrative expenses	(46,059)	(10.6)	(49,365)	(12.9)	(49,130)	(9.1)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Reversal of impairment/(impairment loss) on financial assets, net	(4,491)	(1.0)	1,536	0.4	(1,231)	(0.2)
Loss from operations	**(105,171)**	**(24.3)**	**(113,641)**	**(29.7)**	**(152,884)**	**(28.2)**
Finance income	747	0.2	3,335	0.9	3,827	0.7
Finance costs	(449)	(0.1)	(527)	(0.1)	(1,245)	(0.2)
Finance costs, net	298	0.1	2,808	0.7	2,582	0.5
Changes in the carrying amount of redemption liabilities	(46,535)	(10.8)	(73,098)	(19.1)	(56,579)	(10.4)
Loss before income tax	**(151,408)**	**(35.0)**	**(183,931)**	**(48.0)**	**(206,881)**	**(38.2)**
Income tax (expense)/credit	44	0.0	17	0.0	(4)	0.0
Loss for the year	**(151,364)**	**(35.0)**	**(183,914)**	**(48.0)**	**(206,885)**	**(38.2)**

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, adjusted loss for the year (non-IFRS measure), as an additional financial metric, which is not required by, or presented in accordance with, IFRS.

We believe that this non-IFRS measure facilitates comparison of our operating performance by eliminating potential impacts of certain items listed below. We also believe that this non-IFRS measure presents useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles loss for the year presented in accordance with IFRS to our adjusted loss for the year (non-IFRS measure), for the years indicated.

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year to adjusted loss (non-IFRS measure)			
Loss for the year	(151,364)	(183,914)	(206,885)
Add:			
Changes in the carrying amount of redemption liabilities(1)	46,535	73,098	56,579
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based payment expenses(2)	20,809	12,588	9,863
Adjusted loss (non-IFRS measure)	**(84,020)**	**(98,228)**	**(128,400)**

Notes:

(1) Changes in the carrying amount of redemption liabilities represent the fair value change in equity instruments issued to investors with redemption rights, which gives rise to a financial liability for the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expenses being included in change in the carrying amounts of redemption liabilities. We do not expect to record any further fair value changes in financial instruments issued to investors as such liabilities will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the **[REDACTED]**.

(2) Share-based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our awards to employees. Such expenses in any specific period are not expected to result in future cash payments.

Revenue

Revenue by Category of Products Sold

During the Track Record Period, we derived revenue primarily from sales of products, including (i) power devices, including Si power devices and SiC power devices, and (ii) audio ICs, including MEMS and signal chain ICs. We generally recognize revenue when our products have been delivered to and accepted by our customers. The following table sets forth the breakdown of our revenue by category of products sold both in absolute amounts and as percentages of total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Power devices	383,991	88.7	283,339	74.0	452,809	83.6
— Si power devices	368,737	85.2	262,108	68.5	335,074	61.9
— SiC power devices	15,254	3.5	21,231	5.5	117,735	21.7
Audio ICs	48,743	11.3	99,827	26.0	88,664	16.4
— MEMS	48,454	11.2	98,168	25.6	87,230	16.1
— Signal chain ICs	289	0.1	1,659	0.4	1,434	0.3
Total	**432,734**	**100.0**	**383,166**	**100.0**	**541,473**	**100.0**

The following table sets forth our sales volume of our major products in terms of the number of units during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
Sales volume (in thousands)			
Power devices	1,981,135	2,143,724	2,601,084
— Si power devices	1,980,451	2,142,260	2,593,547
— SiC power devices	684	1,464	7,537
Audio ICs	545,657	1,177,744	1,233,833
— MEMS	542,452	1,164,189	1,195,266
— Signal chain ICs	3,205	13,555	38,567
Total	**2,526,792**	**3,321,468**	**3,834,917**

Revenue by Application Sectors

During the Track Record Period, we primarily sold and marketed our products to end customers in the automotive, consumer electronics, energy and industrial sectors. For the breakdown of our revenue by application sectors, see "Business — Our Product Offerings".

Revenue by Sales Channels

During the Track Record Period, we sold our products through direct sales and distributors. For the breakdown of our revenue by sales channel, please see "Business — Our Sales Network."

We generated substantially all of our revenue from the PRC during the Track Record Period. For more details, please see Note 6(i) of Appendix I to this document.

Cost of Sales

Our cost of sales mainly consisted of (i) material and outsourcing costs, primarily representing outsourced processing fees, (ii) other costs, including, among others, tax and surcharge, and (iii) impairment losses of inventories. In 2023, 2024 and 2025, our cost of sales amounted to RMB396.0 million, RMB370.3 million and RMB527.2 million, respectively. We recognize the amount of any write-down of inventories to net realizable value and all losses of inventories as a cost of sales in the period that write-down or loss occurs.

The following table sets forth the breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of sales, for the years indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Material and outsourcing costs	366,862	92.7	351,864	95.0	483,505	91.7
Other costs	406	0.1	443	0.1	397	0.1
Impairment loss of inventories	28,688	7.2	18,009	4.9	43,300	8.2
Total	**395,956**	**100.0**	**370,316**	**100.0**	**527,202**	**100.0**

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded total gross profits of RMB36.8 million, RMB12.9 million and RMB14.3 million in 2023, 2024 and 2025, respectively. We recorded gross profit margins of 8.5%, 3.4%, and 2.6% in 2023, 2024 and 2025, respectively.

The following table sets forth our gross profit and gross profit margin by category of products sold for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Before impairment loss of inventories						
Power devices	54,222	14.1	6,669	2.4	37,857	8.4
— Si power devices	49,172	13.3	7,635	2.9	37,024	11.0
— SiC power devices	5,050	33.1	(966)	(4.6)	833	0.7
Audio ICs	11,244	23.1	24,190	24.2	19,714	22.2
— MEMS	11,347	23.4	23,646	24.1	18,972	21.7
— Signal chain ICs	(103)	(36.0)	544	32.8	742	51.7
Subtotal	65,466	15.1	30,859	8.1	57,571	10.6
Impairment loss of inventories	(28,688)		(18,009)		(43,300)	
Gross profit and gross profit margin	**36,778**	**8.5**	**12,850**	**3.4**	**14,271**	**2.6**

Other Income and Other Gains or Loss, Net

Our other income and gains primarily consisted of (i) bank interest income in relation to our bank deposits; (ii) government grants, representing government incentives received for business development and subsidies for certain research and development projects; (iii) net gain on lease termination; (iv) gain on disposal of property, plant and equipment; (v) net foreign exchange gain (loss); and (vi) others.

The following table sets forth a breakdown of our other income and other gains or loss, net, in absolute amounts and as percentages of total other income and other gains or loss, net, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Bank interest income	2,298	30.3	963	8.7	1,229	60.8
Government grants	5,209	68.7	9,669	87.5	201	10.0
Net gain on lease termination	–	–	–	–	376	18.6
Gain on disposal of property, plant and equipment	–	–	73	0.7	63	3.1
Net foreign exchange gain/(loss)	(19)	(0.3)	13	0.1	1	0.0
Others	92	1.2	331	3.0	150	7.5
Total	**7,580**	**100.0**	**11,049**	**100.0**	**2,020**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) employee benefit expenses; (ii) share-based payments of our sales and marketing team; (iii) marketing and promotion expenses incurred by our sales and marketing personnel, such as conference and business development costs; (iv) depreciation and amortization charges of office equipment; and (v) others, mainly including sample product costs.

The following table sets forth the breakdown of our selling and distribution expenses, in absolute amounts and as percentages of total selling and distribution expenses, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	15,290	50.1	17,731	58.1	21,322	61.5
Share-based payments	5,955	19.5	3,695	12.1	4,050	11.7
Marketing and promotion expenses	5,968	19.6	6,532	21.4	6,718	19.4
Depreciation and amortization	1,577	5.2	1,394	4.6	1,219	3.5
Others	1,714	5.6	1,184	3.8	1,341	3.9
Total	**30,504**	**100.0**	**30,536**	**100.0**	**34,650**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) share-based payments of our R&D personnel; (iii) materials, testing and verification expenses, which primarily include the costs of testing and verification expenses related to our R&D activities for new products, such as tape-out costs; (iv) depreciation and amortization charges; (v) professional service expenses paid to third-party providers of technical services, such as testing and verification; and (vi) others.

The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	25,273	36.9	29,129	49.2	31,327	43.4
Share-based payments	7,762	11.3	4,582	7.7	2,924	4.1
Materials, testing and verification expenses	30,141	44.0	21,376	36.1	31,344	43.5
Depreciation and amortization	2,548	3.7	3,341	5.6	3,120	4.3
Professional service expenses	2,528	3.7	530	0.9	3,183	4.4
Others	223	0.4	217	0.5	223	0.3
Total	**68,475**	**100.0**	**59,175**	**100.0**	**72,121**	**100.0**

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses; (ii) share-based payments of our administrative staff; (iii) depreciation and amortization in relation to our properties and buildings and office equipment for administrative staff; (iv) office and other administrative expenses; (v) professional service expenses in relation to professional services, such as legal, accounting and financial services; and (vi) others.

The following table sets forth the breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefit expenses	20,763	45.1	26,255	53.2	24,937	50.8
Share-based payments	7,092	15.4	4,311	8.7	2,889	5.9
Depreciation and amortization	7,841	17.0	8,723	17.7	8,950	18.2
Office and other administrative expenses	7,884	17.1	7,864	15.9	9,540	19.4
Professional service expenses	521	1.1	681	1.4	176	0.4
Others	1,958	4.3	1,531	3.1	2,638	5.3
Total	**46,059**	**100.0**	**49,365**	**100.0**	**49,130**	**100.0**

Reversal of Impairment/(Impairment Losses) on Financial Assets, Net

Reversal of impairment/(impairment loss) on financial assets, net are primarily related to impairment losses for movement in loss allowance for trade receivables, deposits and other receivables at amortized cost based on the expected credit loss model. We recorded a net impairment loss on financial assets of RMB4.5 million and RMB1.2 million in 2023 and 2025. We recorded a net reversal of impairment loss on financial assets of RMB1.5 million in 2024.

Finance Income/(Costs), Net

Our financial income/(costs), net comprise of finance income and finance costs. Our finance income primarily represents investment income on our wealth management products and structured deposits. Our finance costs are primarily related to (i) discounting of acceptance bills, mainly resulting from the difference between financial management interest rate and discount interest rate, and (ii) interest expense on lease liabilities, which was primarily in relation to our leased office premises.

The following table sets forth a breakdown of our finance income/(costs) for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Change in fair value of financial assets at FVTPL	747	3,335	3,827
Finance costs:			
Discounting of acceptance bills	–	(229)	(926)
Interest expense on lease liabilities	(449)	(298)	(319)
	(449)	**(527)**	**(1,245)**
Total	**298**	**2,808**	**2,582**

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of RMB46.5 million, RMB73.1 million, and RMB56.6 million in 2023, 2024 and 2025, respectively. The changes in the carrying amount of redemption liabilities represents the interest expense on financial liabilities to purchase our equity instruments for cash, which were initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost. See "— Indebtedness — Redemption Liabilities."

Income Tax (Expense)/Credit

Our income tax (expense)/credit primarily consisted of current and deferred income tax. We recorded income tax credit of RMB44 thousand and RMB17 thousand in 2023 and 2024, respectively and we recorded income tax expense of RMB4 thousand in 2025. During the Track Record Period, we are subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which we are domiciled and operate, and subject to various income tax rates under different jurisdictions.

Mainland China

In accordance with the relevant regulations of the Enterprise Income Tax Laws (the "**EIT Law**") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, our Company and our subsidiaries are established and operated in the PRC and are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law ("**EIT Law**"). Pursuant to the EIT Law, our Company and our subsidiaries established in the PRC are generally subject to EIT at the statutory rate of 25% during the Track Record Period, except for: (a) our Company which is registered as a High and New-Tech enterprises pursuant to the PRC tax resolutions and entitled to a preferential tax rate of 15%; (b) certain of our subsidiaries obtain the tax deduction in accordance with income tax preferential policy for small and micro enterprises and individual business, pursuant to the PRC tax regulations and entitled to a preferential tax rate of 20% for the years ended December 31, 2023, 2024 and 2025.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

Loss for the Year

We recorded a loss of RMB151.4 million, RMB183.9 million and RMB206.9 million in 2023, 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 41.3% from RMB383.2 million in 2024 to RMB541.5 million in 2025, primarily attributable to the increase in revenue from power devices, partially offset by decline in revenue from audio ICs.

- *Si Power Devices:* Our revenue from sales of Si power devices increased by 27.8% from RMB262.1 million in 2024 to RMB335.1 million in 2025, primarily due to (i) 21.1% growth in sales volume from 2,142.3 million units in 2024 to 2,593.5 million units in 2025, driven by (a) robust demand for automotive-grade power devices amid strong new energy vehicle sales, and (b) recovery of consumer electronics, (c) our deepened relationship with existing customers; and (ii) 5.6% growth in ASP driven by (a) improving industry supply-demand dynamics following destocking in 2024 and (b) ongoing product mix optimization towards higher unit price products such as IGBT and MOSFET for new energy vehicles and industrial power supplies.

- *SiC Power Devices:* Our revenue from sales of SiC power devices increased by 454.5% from RMB21.2 million in 2024 to RMB117.7 million in 2025, primarily due to (i) 414.8% growth in sales volume from 1.5 million units in 2024 to 7.5 million units in 2025, driven by successful commercialization of our SiC products for new energy vehicles and industrial power supplies in the second half of 2025, and (ii) 7.7% growth in ASP driven by our optimization of product mix towards higher unit price products such as automotive main drive modules.

- *MEMS:* Our revenue from sales of MEMS decreased by 11.1% from RMB98.2 million in 2024 to RMB87.2 million in 2025, primarily due to 13.5% decline in ASP as a result of unit cost reduction and intensified competition from industry participants, partially offset by mild 2.7% growth in sales volume from 1,164.2 million units in 2024 to 1,195.3 million units in 2025.

- *Signal Chain ICs:* Our revenue from sales of signal chain ICs decreased by 13.6% from RMB1.7 million in 2024 to RMB1.4 million in 2025, primarily due to shift in our products mix from primarily higher unit price sensors and ASICs to lower unit price MEMS ASICs, as part of our strategy for initial market penetration and customer feedback testing.

Cost of Sales

Our cost of sales increased by 42.4% from RMB370.3 million in 2024 to RMB527.2 million in 2025, primarily due to (i) 37.4% growth in material and outsourcing costs from RMB351.9 million in 2024 to RMB483.5 million in 2025 as a result of strong growth in product sales, and (ii) 140.4% growth in impairment loss of inventories from RMB18.0 million in 2024 to RMB43.3 million in 2025, primarily as a result of full write-down of inventories with ageing over two years. See "— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Inventories" for our inventory write-down policies and ageing of inventories.

Gross Profit and Gross Profit Margin

Our gross profit increased by 11.1% from RMB12.9 million in 2024 to RMB14.3 million in 2025, mainly driven by 86.6% growth in gross profit before impairment from RMB30.9 million in 2024 to RMB57.6 million in 2025, offset by 140.4% growth in impairment loss of inventories from RMB18.0 million in 2024 to RMB43.3 million in 2025. The growth in gross profit before impairment is primarily driven by strong growth in gross profit in Si power device, turn-around in profitability in SiC power device, partially offset by decline in gross profit in MEMS. Our gross profit margin declined from 3.4% in 2024 to 2.6% in 2025, primarily due to increase in impairment loss of inventories. Gross profit margin before impairment loss of inventories increased from 8.1% in 2024 to 10.6% in 2025, primarily due to improving gross margins in Si power devices and SiC power devices.

- *Si Power Devices:* Gross profit of Si power devices increased by 384.9% from RMB7.6 million in 2024 to RMB37.0 million in 2025, driven by (i) 27.8% growth in Si power devices revenue from RMB262.1 million in 2024 to RMB335.1 million in 2025, and (ii) expansion of gross profit margin from 2.9% in 2024 to 11.0% in 2025. The expansion of gross profit margin is driven by 5.6% growth in ASP and reduction of unit cost as we continue to upgrade design to reduce the wafer material per unit and streamlining production process with our wafer foundry partner.

- *SiC Power Devices:* We recorded gross profit of RMB0.8 million for SiC power devices in 2025, compared with gross loss of RMB1.0 million in 2024, primarily driven by (i) 454.5% growth in SiC power devices revenue from RMB21.2 million in 2024 to RMB117.7 million in 2025, and (ii) improvement of gross profit margin from (4.6)% in 2024 to 0.7% in 2025. The improvement of gross profit margin is driven by 7.7% growth in ASP.

- *MEMS:* Gross profit of MEMS declined by 19.8% from RMB23.6 million in 2024 to RMB19.0 million in 2025, driven by (i) 11.1% decline in MEMS revenue from RMB98.2 million in 2024 to RMB87.2 million in 2025, and (ii) decline of gross profit margin from 24.1% in 2024 to 21.7% in 2025. The decline in gross profit margin is driven by 13.5% decline in ASP, partially offset by 10.8% reduction of unit cost as a result of product iteration using less wafer materials.

- *Signal Chain ICs:* Gross profit of signal Chain ICs increased by 36.4% from RMB0.5 million in 2024 to RMB0.7 million in 2025, driven by sales of higher margin MEMS ASICs products.

Other Income and Other Gains or Losses, Net

Our other income and gains or losses, net decreased from RMB11.0 million in 2024 to RMB2.0 million in 2025, primarily due to a decrease in government grants of RMB9.5 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 13.5% from RMB30.5 million in 2024 to RMB34.7 million in 2025, primarily due to (i) an increase of RMB0.4 million in share-based payment, and (ii) an increase of RMB3.6 million in employee benefit expenses as a result of an increase sales personnel.

Research and Development Costs

Our research and development expenses increased by 21.9% from RMB59.2 million in 2024 to RMB72.1 million in 2025, primarily due to (i) an increase of RMB2.2 million in employee benefit expenses; (ii) an increase of RMB2.7 million in professional service expenses paid to third-party testing and verification companies in connection with new products development; and (iii) an increase of RMB10.0 million in materials, testing and verification expenses as a result of increased number of new development projects in evaluating and testing phase.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB49.4 million in 2024 and RMB49.1 million in 2025, respectively.

[REDACTED]

We recorded RMB**[REDACTED]** in connection with the **[REDACTED]** in 2025.

Reversal of Impairment/(Impairment Loss) on Financial Assets, Net

We recorded a net reversal of impairment loss on financial assets of RMB1.5 million in 2024 and a net impairment loss of RMB1.2 million in 2025, primarily due to increase in accounts receivables.

Finance Income/(Costs), Net

Our finance income increased by 14.8% from RMB3.3 million in 2024 to RMB3.8 million in 2025, which was mainly attributable to an increase of interest on wealth management products. Our finance costs increased from RMB0.5 million in 2024 to RMB1.2 million in 2025, primarily because we recorded a discounting of acceptance bills of RMB0.9 million in 2025.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities decreased from RMB73.1 million in 2024 to RMB56.6 million in 2025, primarily due to the derecognition of redemption liabilities upon termination of the redemption rights of investors in September 2025.

Income Tax (Expense)/Credit

We recorded income tax credit of RMB17 thousand in 2024, while we recorded income tax expenses of RMB4 thousand in 2025.

Loss for the Year

For the foregoing reasons, we recorded total losses of RMB183.9 million and RMB206.9 million for 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 11.5% from RMB432.7 million in 2023 to RMB383.2 million in 2024, primarily attributable to the decrease in revenue generated from sales of Si power devices, partially offset by the increase in revenue generated from sales of SiC power devices and audio ICs due to an increase in total sales volume.

- *Si Power Devices:* Our revenue from Si power devices decreased by 28.9% from RMB368.7 million in 2023 to RMB262.1 million in 2024, primarily due to 34.3% decline in ASP as a result of (i) reduced downstream demand during a customer destocking phase, which led to heightened competition and necessitated competitive pricing adjustments on our products, and (ii) lower sales of our FRD products, which has higher ASP among our Si power devices. According to CIC, the ASP of most Si power devices declined in 2024 as a result of customer destocking, while the overall average selling price of discrete power semiconductors increased due to the increasing proportion of higher-priced SiC power device products. According to CIC, the ASP of most Si power devices declined in 2024 as a result of customer destocking, while the overall ASP of discrete power semiconductors increased due to the increasing proportion of higher-priced SiC power device products. The decline in ASP is partially offset by 8.2% increase in sales volume from 1,980.5 million in 2023 to 2,142.3 million in 2024.

- *SiC Power Devices:* Our revenue from SiC power devices increased by 39.2% from RMB15.3 million in 2023 to RMB21.2 million in 2024, primarily due to 114.0% growth in sales volume from 0.7 million in 2023 to 1.5 million in 2024, driven by strong demand of SiC power devices for high voltage DC charging piles and photovoltaic applications, partially offset by 35.0% reduction in ASP as a result of intensified market competition.

- *MEMS:* Our revenue from MEMS increased by 102.6% from RMB48.5 million in 2023 to RMB98.2 million in 2024, primarily due to (i) 114.6% growth in sales volume from 542.5 million in 2023 to 1,164.2 million in 2024 driven by increased demand from the consumer electronic sector, partially offset by (ii) 5.6% decline in ASP as a result of reduction in unit cost and market competition.

- *Signal Chain ICs:* Our revenue from signal chain ICs increased by 474.0% from RMB0.3 million in 2023 to RMB1.7 million in 2024, primarily driven by 322.9% increase sales in sales volume from 3.2 million in 2023 to 13.6 million in 2024.

Cost of Sales

Our cost of sales decreased by 6.5% from RMB396.0 million in 2023 to RMB370.3 million in 2024, primarily due to (i) 4.1% decline in material and outsourcing costs from RMB366.9 million in 2023 to RMB351.9 million in 2024 as a result of decline in unit costs, and (ii) 37.2% decline impairment loss of inventories from RMB28.7 million in 2023 to RMB18.0 million in 2024, primarily as a result of lower inventories with ageing over two years, which are subject to full write-down. See "— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Inventories" for our inventory write-down policies and ageing of inventories.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 65.1% from RMB36.8 million in 2023 to RMB12.9 million in 2024, mainly driven by 52.9% decrease in gross profit before impairment from RMB65.5 million in 2023 to RMB30.9 million in 2024, partially offset by 37.2% decrease in impairment loss of inventories from RMB28.7 million in 2023 to RMB18.0 million in 2024. The decrease in gross profit before impairment is primarily caused by decrease in gross profit in Si power device and gross loss in SiC power devices, partially offset by increase in gross profit in MEMS. Our gross profit margin declined from 8.5% in 2023 to 3.4% in 2024, primarily due to decrease in gross profit margin before impairment loss of inventory from 15.1% in 2023 to 8.1% in 2024.

- *Si Power Devices:* Gross profit of Si power devices decreased by 84.5% from RMB49.2 million in 2023 to RMB7.6 million in 2024, driven by (i) 28.9% decrease in Si power devices revenue from RMB368.7 million in 2023 to RMB262.1 million in 2024, and (ii) decrease of gross profit margin from 13.3% in 2023 to 2.9% in 2024. The decrease of gross profit margin is driven by 34.3% decline in ASP, partially offset by 26.4% decline in unit cost.

- *SiC Power Devices:* We recorded gross loss of RMB1.0 million in 2024, compared with gross profit of RMB5.1 million in 2023, primarily due to reduction of gross profit margin from 33.1% in 2023 to (4.6)% in 2024 driven by 35.0% reduction in ASP as a result of intensified market competition.

- *MEMS:* Gross profit of MEMS increased by 108.4% from RMB11.3 million in 2023 to RMB23.6 million in 2024, driven by 102.6% growth in revenue from RMB48.5 million in 2023 to RMB98.2 million in 2024.

- *Signal Chain ICs:* We recorded gross profit of RMB0.5 million in 2024, compared with gross loss of RMB0.1 million in 2023, primarily due to increase in signal chain ICs revenue.

Other Income and Other Gains or Losses, Net

Our other income and other gains or losses, net increased from RMB7.6 million in 2023 to RMB11.0 million in 2024, primarily due to an increase of RMB4.5 million in government grants as we received additional awards from local government for technology innovation and industry development, partially offset by a decrease in bank interest income of RMB1.3 million.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB30.5 million in 2023 and RMB30.5 million in 2024, respectively, primarily due to a decrease of RMB2.3 million in share-based payment, partially offset by an increase of RMB2.4 million in employee benefit expenses as a result of the continued expansion of our selling and distribution team.

Research and Development Expenses

Our research and development expenses decreased by 13.6% from RMB68.5 million in 2023 to RMB59.2 million in 2024, primarily due to (i) a decrease of RMB3.2 million in share-based payments; and (ii) a decrease of RMB8.8 million in materials, testing and verification expenses due to reduced demand for new product development as a result of the slowdown in downstream demand, partially offset by an increase in employee benefit expenses of RMB3.9 million.

Administrative Expenses

Our administrative expenses slightly increased by 7.2% from RMB46.1 million in 2023 to RMB49.4 million in 2024, primarily due to an increase of RMB5.5 million in employee benefit expenses due to expansion of our administrative team, partially offset by a decrease of RMB2.8 million in share-based payment.

Reversal of impairment/(impairment loss) on financial assets, net

We recorded a net reversal of impairment loss on financial assets of RMB1.5 million in 2024, as compared to a net impairment loss on financial assets of RMB4.5 million in 2023, primarily attributable to improved collection of our trade receivables in 2024.

Finance Income/(Costs), Net

Our finance income increased from RMB0.7 million in 2023 to RMB3.3 million in 2024, which was mainly attributable to an increase of interest on wealth management products. Our finance costs increased from RMB0.4 million in 2023 to RMB0.5 million in 2024, primarily because we recorded a discounting of acceptance bills of RMB0.2 million in 2024, partially offset by a decrease of RMB0.2 million in interest expense on lease liabilities.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased from RMB46.5 million in 2023 to RMB73.1 million in 2024, primarily due to new issuance of equity instruments to investors with redemption rights and increase in accumulated interest expenses.

Income Tax (Expense)/Credit

Our income tax credit decreased by 61.4% from RMB44 thousand in 2023 to RMB17 thousand in 2024, primarily due to decrease in our deferred tax liabilities.

Loss for the Year

For the foregoing reasons, we recorded total losses of RMB151.4 million and RMB183.9 million in 2023 and 2024, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	17,342	18,981	15,542
Intangible assets	3,818	1,672	3,904
Right-of-use assets	8,635	6,215	12,887
Equity instrument designated at FVOCI	2,750	18,670	27,570
Prepayments for property, plant and equipment	2,088	1,077	2,787
Total non-current assets	**34,633**	**46,615**	**62,690**
Current assets			
Inventories	165,660	188,630	178,999
Trade receivables	141,541	103,725	129,424
Bills receivables	14,634	78,255	88,644
Prepayments, deposits and other receivables	16,975	40,481	58,188
Tax recoverable	23	23	23
Cash and cash equivalents	280,402	340,359	329,409
Total current assets	**619,235**	**751,473**	**784,687**
Current liabilities			
Trade payables	69,251	102,177	194,819
Other payables and accruals	17,522	14,004	17,428
Contract liabilities	1,597	1,687	626
Borrowings	–	46,103	74,095
Lease liabilities	4,705	4,073	4,022
Refund liabilities from right of return	8,991	9,464	10,026
Redemption liabilities	691,764	914,862	–
Total current liabilities	793,830	1,092,370	301,016
Net current (liabilities)/assets	(174,595)	(340,897)	483,671
TOTAL ASSETS LESS CURRENT LIABILITIES	**(139,962)**	**(294,282)**	**546,361**

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities			
Lease liabilities	3,439	1,337	8,781
Deferred income	239	3,444	3,330
Deferred tax liabilities	23	6	–
Total non-current liabilities	3,701	4,787	12,111
Net (liabilities)/assets	(143,663)	(299,069)	534,250
EQUITY			
Equity attributable to owners of the Company			
Share capital	16,284	16,852	17,042
Reserves	(159,947)	(315,921)	517,208
TOTAL (DEFICIT)/EQUITY	**(143,663)**	**(299,069)**	**534,250**

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Current assets:				
Inventories	165,660	188,630	178,999	189,724
Trade receivables	141,541	103,725	129,424	139,952
Bills receivables	14,634	78,255	88,644	82,972
Prepayments, deposits and other receivables	16,975	40,481	58,188	68,733
Tax recoverable	23	23	23	23
Cash and bank balances	280,402	340,359	329,409	359,735
Total current assets	**619,235**	**751,473**	**784,687**	**841,139**

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current liabilities:				
Trade payables	69,251	102,177	194,819	262,890
Other payables and accruals	17,522	14,004	17,428	9,805
Contract liabilities	1,597	1,687	626	269
Borrowings	–	46,103	74,095	78,641
Lease liabilities	4,705	4,073	4,022	4,197
Refund liabilities from right of return	8,991	9,464	10,026	9,996
Redemption liabilities	691,764	914,862	–	–
Total current liabilities	**793,830**	**1,092,370**	**301,016**	**365,798**
Net current (liabilities)/assets	**(174,595)**	**(340,897)**	**483,671**	**475,341**

We recorded net current liabilities of RMB174.6 million and RMB340.9 million as of December 31, 2023 and 2024, respectively, primarily due to the presentation of redemption liabilities as current liabilities. We recorded net current assets of RMB483.7 million as of December 31, 2025. Our redemption liabilities were reclassified from liabilities to equity as a result of the termination of the redemption rights in September 2025, after which we did not recognize any further loss or gain on changes in the carrying amount of the redemption liabilities.

We recorded net current assets of RMB483.7 million as of December 31, 2025, primarily attributable to (i) the decrease in redemption liabilities of RMB914.9 million as a result of termination of the redemption liabilities in September 2025, (ii) an increase in trade receivables of RMB25.7 million as a result of sales growth, (iii) an increase in prepayments, deposits and other receivables of RMB17.7 million as a result of an increase in advances for long-term assets, such as laboratory equipment and R&D software, and (iv) an increase in bills receivables of RMB10.4 million as a result of an increase in revenue and relaxation of customers' credit payment terms, partially offset by (i) an increase in trade payables of RMB92.6 million as a result of changes in payment cycles, and (ii) an increase in borrowings of RMB28.0 million as a result of an increase in discounting of unexpired bills.

Our net current liabilities increased from RMB174.6 million as of December 31, 2023 to RMB340.9 million as of December 31, 2024, primarily due to (i) an increase in redemption liabilities of RMB223.1 million due to new issuance of equity instruments to investors, (ii) an increase in trade payables of RMB32.9 million as a result of increase in procurement in line with our continued sales growth, (iii) an increase in borrowings of RMB46.1 million, (iv) a decrease in trade receivables of RMB37.8 million, primarily due to our tightened credit limits and stricter management measures on overdue behaviour, partially offset by (i) an increase in bills receivables of RMB63.6 million due to addition of key customer accounts, and (ii) an increase in prepayments, deposits and other receivables of RMB23.5 million.

Property, Plant and Equipment

Our property, plant and equipment consisted of special equipment, mainly including R&D and testing equipment for semiconductor products, motor vehicles, furniture, fixture and office equipment, computer and electronic equipment, and leasehold improvements.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Special equipment	10,893	13,415	11,444
Motor vehicles	1,007	1,535	1,233
Furniture, fixture and office equipment	25	13	5
Computer and electronic equipment	1,438	1,353	1,390
Leasehold improvements	3,979	2,665	1,470
Total	**17,342**	**18,981**	**15,542**

From 2023 to 2024, we experience increase in our property, plant and equipment in line with our business expansion and increase in our product offerings. Our property, plant and equipment decrease from RMB19.0 million as of December 31, 2024 to RMB15.5 million as of December 31, 2025, mainly due to depreciation of long-term assets and decrease in leasehold improvements in 2025.

Intangible Assets

Our intangible assets primarily included software and patents. During the Track Record Period, our intangible assets decrease from RMB3.8 million as of December 31, 2023 to RMB1.7 million as of December 31, 2024, mainly as a result of ongoing amortization. As of December 31, 2025, our intangible assets increased to RMB3.9 million primarily due to purchase of software in 2025.

Right-of-use assets

These assets primarily consist of buildings, vehicles and land-use right. Fluctuation was driven by new office and vehicle leases and depreciation over the period in line with our business development. These assets decreased from RMB8.6 million as of December 31, 2023 to RMB6.2 million as of December 31, 2024 and increased to RMB12.9 million as of December 31, 2025.

For details about impairment test for property, plant and equipment, right of use assets and intangible assets, see Notes 5(i) and 15 in Appendix I to this document.

Equity instrument designated at FVOCI

These primarily include our strategic equity investments in an unlisted company at fair value. Our instrument designated at FVOCI amounted to RMB2.8 million, RMB18.7 million and RMB27.6 million, as of December 31, 2023, 2024 and 2025 respectively. Please also see Note 19 to the Accountants' Report set out in Appendix I to this Document.

Inventories

Our inventories primarily consisted of (i) finished goods; (ii) outsourced processing materials, mainly representing semi-processed materials and goods for further testing and packaging; and (iii) returned inventory assets, which represents estimated value of future returned goods. We also recognize refund liabilities from right of return. See "— Refund liabilities from right of return". We estimate the returned inventory assets based on finished goods sold included in cost of sales over the period and the expected return rate. We estimate the expected return rate based on the historical return rates over the past two years, which represent the weighted average of the return rates for the current year and the prior year. The estimate is updated at each reporting date, with corresponding adjustments to the refund liabilities from right of return and the returned inventory asset. Our inventories increased from RMB165.7 million as of December 31, 2023 to RMB188.6 million as of December 31, 2024, mainly due to our sales growth and expansion into new application sectors, resulting in increased finished goods and returned inventory assets. Our inventories decreased to RMB179.0 million as of December 31, 2025, primarily attributable to improved operational efficiency driven by the Company's product/market differentiation and ongoing cost reduction initiatives. Our strengthened product differentiation and clear market focus enhanced demand predictability, while our ongoing cost control strategies in 2025 improved inventory management.

During the Track Record Period, we recognized the amount of any write-down of inventories as a result of the decline in the net realizable value of our inventories, primarily due to (i) prolonged inventory holding periods, as we increased our inventory levels in anticipation of the rising and emerging market demand in downstream sectors, which resulted in a higher possible that such aged inventory would become obsolete or its value would diminish over time as new technology emerges rapidly, and (ii) the decrease in selling prices of related products, attributed to the increasingly intensified competition among semiconductor companies, forcing us to adjust pricing to stay competitive in the market. As of December 31, 2023, 2024 and 2025, the amount of inventory write-down was RMB31.2 million, RMB25.7 million and RMB58.3 million, respectively. The decrease in 2024 was due to our efforts to facilitate sales and manage inventory level. The increase in 2025 was primarily because we have higher proportion of inventory with aging of over two years, which were subject to full write-down according to our impairment policy.

The following table sets forth our inventories by nature as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	170,171	189,889	218,799
Outsourced processing materials	18,982	15,093	9,434
Returned inventory asset	7,658	9,345	9,104
Less: inventory write-down	(31,151)	(25,697)	(58,338)
Total	**165,660**	**188,630**	**178,999**

The following is an aging analysis of our inventories (gross) as of the dates indicated.

As of December 31, 2023	Gross inventory before inventory write-down					Write-down	Inventory after write-down
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total	Total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Power devices	**171,086**	**17,045**	**1,235**	**—**	**189,366**	**30,541**	**158,825**
— Si power devices	140,527	16,791	1,235	—	158,553	29,843	128,710
— SiC power devices	30,559	254	—	—	30,813	698	30,115
Audio ICs	**6,165**	**693**	**444**	**143**	**7,445**	**610**	**6,835**
— MEMS	5,037	471	175	10	5,693	203	5,490
— Signal chain ICs	1,128	222	269	133	1,752	407	1,345
Total	**177,251**	**17,738**	**1,679**	**143**	**196,811**	**31,151**	**165,660**

As of December 31, 2024	Gross inventory before inventory write-down					Write-down	Inventory after write-down
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total	Total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Power devices	**140,835**	**44,953**	**6,522**	**803**	**193,113**	**24,827**	**168,286**
— Si power devices	111,562	32,617	6,387	803	151,369	16,812	134,557
— SiC power devices	29,273	12,336	135	—	41,744	8,015	33,729
Audio ICs	**20,112**	**271**	**345**	**486**	**21,214**	**870**	**20,344**
— MEMS	17,583	44	102	115	17,844	235	17,609
— Signal chain ICs	2,529	227	243	371	3,370	635	2,735
Total	**160,947**	**45,224**	**6,867**	**1,289**	**214,327**	**25,697**	**188,630**

As of December 31, 2025	Gross inventory before inventory write-down					Write-down	Inventory after write-down
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total	Total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Power devices	**133,775**	**39,799**	**32,639**	**3,925**	**210,137**	**57,277**	**152,860**
— Si power devices	100,892	26,709	29,649	3,824	161,073	43,395	117,678
— SiC power devices	32,883	13,090	2,990	101	49,064	13,882	35,182
Audio ICs	**23,858**	**2,343**	**589**	**411**	**27,200**	**1,061**	**26,139**
— MEMS	21,697	420	136	135	22,388	288	22,100
— Signal chain ICs	2,161	1,923	453	275	4,812	773	4,039
Total	**157,633**	**42,142**	**33,228**	**4,335**	**237,337**	**58,338**	**178,999**

The following table sets forth our inventory turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	160	213	170

Note:

(1) Calculated using the average of opening balance and closing balance of the inventories (excluding provision for impairment of inventories) for such period divided by cost of sales (excluding inventory provision) for the relevant period and multiplied by the number of days during such period.

Our inventory turnover days increased from 160 days in 2023 to 213 days in 2024, mainly due to the slowdown in demand from downstream sectors. Our inventory turnover days decreased to 170 days in 2025, primarily because we have taken stringent internal measures to enhance the inventory management.

In particular, we regularly reviews inventory aging reports for indications of impairment under IAS 2 and assesses whether the carrying amounts exceed recoverable amounts based on net realizable value ("**NRV**") analysis. When inventories show a low probability of subsequent sales or are slow-moving, their NRV is compared to the carrying amount and an impairment provision is recorded, ensuring that the financial statements reflect inventories at the lower of cost and NRV. During the track record period, certain inventories exhibited prolonged holding periods and declining market prices for specific products. We assessed these as potential indicators of impairment and performed NRV testing on relevant inventory categories.

We determines inventory write-downs based on historical sales, inventory aging analysis, selling prices of subsequent sales, and reference to the inventory provision policies of industry peers. For inventories aged two years or above, which are less marketable due to product iterations and market demand changes, a full write-down is recorded. For inventories aged less than two years, we estimates the selling price of each inventory item based on the average selling price of subsequent sales. If there are no subsequent sales for a particular inventory product, the average selling price over the preceding six months is used as the estimated future selling price. If neither method yields a reliable estimate, simulated platform data is used to calculate the estimated post-period selling price. The NRV of inventories is then determined by deducting the estimated selling expenses from the estimated selling price. This methodology ensures adequate provisions are made for slow-moving and obsolete inventories.

To improve our inventory management capabilities, we have aligning inventory with customer orders and forecasts, reducing excess stock while remaining responsive to demand, and establishing a dedicated sales and operations planning (SOP) team to oversee the full sales lifecycle, track orders and forecasts in real time, and make proactive adjustments to delivery plans as needed.

As of February 28, 2026, we have utilized approximately RMB41.0 million, or 22.9% of our inventories as of December 31, 2025.

Trade Receivables

The table below sets out details of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	148,991	109,642	136,236
Less: impairment loss allowance	(7,450)	(5,917)	(6,812)
Total	**141,541**	**103,725**	**129,424**

During the Track Record Period, we generally granted our customers a credit period of 30 days to 60 days.

Our trade receivables decreased from RMB141.5 million as of December 31, 2023 to RMB103.7 million as of December 31, 2024, mainly due to our tightened credit limits and stricter management measures on overdue behavior. As of December 31, 2025, our trade receivables increased to RMB129.4 million from RMB103.7 million as of December 31, 2024, which was generally in line with our sales growth.

As of December 31, 2023 and 2024 and 2025, our impairment loss allowance of trade receivables amounted to RMB7.5 million, RMB5.9 million and RMB6.8 million, respectively. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with us and indicators of severe financial difficulty. We have performed impairment analysis on trade receivables to measure the expected credit losses, and we believe that we have made sufficient impairment allowance on trade receivables during the Track Record Period. Please also see Note 42(a) to the Accountants' Report set out in Appendix I to this Document.

The following is an aging analysis of our trade receivables, net of impairment losses, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	141,541	101,405	129,424
1 to 2 years	–	2,320	–
Total	**141,541**	**103,725**	**129,424**

The following table sets forth our trade receivables turnover days for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days(1)	89	123	83

Note:

(1) Calculated using the average of opening balance and closing balance of the trade receivables (excluding provision for impairment) for such period divided by revenue for the relevant period and multiplied by the number of days during such period.

Our trade receivables turnover days increased from 89 days in 2023 to 123 days in 2024, mainly because of the prolonged payment periods of our customers due to market slowdown in downstream sectors. Our trade receivables turnover days decreased to 83 days in 2025, mainly due to our strengthened fund management and enhanced credit control execution.

As of February 28, 2026, RMB101.1 million, or 78.1% of our trade receivables as of December 31, 2025 had been settled.

Bills Receivables

Our bills receivables primarily represent bank acceptance bills receivables from our customers for purchasing our products. Bills receivables amounted to RMB14.6 million, RMB78.3 million and RMB88.6 million as of December 31, 2023, 2024 and 2025, respectively. We decided to discount relevant bills at a discount rate negotiated with the banks in line with our accounting policies after taking into account of a broad range of factors, including our prevailing liquidity management strategy and relationship and track record of relevant customers. We considered that the risk and rewards of ownership of these bills receivables have not been substantially transferred and treat it as short-term borrowings from banks until these undue bills settled. Please also see Notes 23 and 29 to the Accountants' Report set out in Appendix I to this Document.

The following is an aging analysis of our bills receivables, based on the invoice date and due dates, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	14,634	78,255	88,644
Total	**14,634**	**78,255**	**88,644**

The following table sets forth our bills receivables turnover days for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
Bills receivables turnover days(1)	12	22	41

Note:

(1) Calculated using the average of opening balance and closing balance of the bills receivables for such period divided by revenue for the relevant period and multiplied by the number of days during such period.

Our bills receivables turnover days increased from 12 days in 2023 to 22 days in 2024, mainly due to the addition of key customer accounts, which led to a longer turnover period. For the year ended December 31, 2025, our bills receivables turnover days increased to 41 days, mainly due to the relaxation of credit terms.

As of February 28, 2026, RMB38.1 million, or 43.0% of our bills receivables as of December 31, 2025 had been settled.

Prepayments, Deposits and Other Receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of deposits, deferred input VAT, VAT carry forward, prepayments paid to suppliers, and prepayments for property, plant and equipment. The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-Current portion			
Prepayments for property, plant and equipment	2,088	1,077	2,787
Total	**2,088**	**1,077**	**2,787**
Current portion			
Deposits	1,847	1,783	3,075
Deferred Input VAT	14,124	21,895	22,831
VAT carry forward	304	427	605
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments	792	16,465	23,872
Less: impairment loss allowance	(92)	(89)	(158)
Total	**16,975**	**40,481**	**58,188**

Our non-current portion of prepayments, deposits and other receivables consisted of prepayments for property, plant and equipment, amounting to RMB2.1 million, RMB1.1 million and RMB2.8 million as of December 31, 2023, 2024 and 2025, respectively. We procured relevant property, plant and equipment in line with our development strategy to support our business growth, R&D projects and product portfolio expansion.

Our current portion of prepayments, deposits and other receivables increased from RMB17.0 million as of December 31, 2023 to RMB40.5 million as of December 31, 2024, mainly due to (i) an increase in prepayments of RMB15.7 million, and (ii) an increase in deferred input VAT of RMB7.8 million due to increased procurement. Our current portion of prepayments, deposits and other receivables increased to RMB58.2 million as of December 31, 2025 from RMB40.5 million as of December 31, 2024, mainly because an increase in prepayments of RMB7.4 million, primarily due to advances made for long-term asset acquisitions.

As of February 28, 2026, RMB26.0 million, or 44.7% of our prepayments, deposits and other receivables as of December 31, 2025 have been settled.

Financial Assets at FVOCI

We recorded financial assets at FVOCI of RMB27.6 million as of December 31, 2025. Financial assets at FVOCI represented the fair value change of wealth management products that we purchased in 2025 as part of our cash management strategy. For details, see Note 19 of the Accountants' Report in Appendix I to this document.

Cash management policy

Our investment policies and strategies with respect to financial products mainly include: (i) we minimize financial risks by matching the maturities of the portfolio with anticipated operating cash needs, while aiming to generate reasonable investment returns for the benefits of our shareholders; (ii) investment in high-risk products is not allowed; (iii) the proposed investment must not interfere with our business operations or capital expenditures; and (iv) the financial products we invest in should be issued by a reputable bank. We primarily invest in financial products issued by major commercial banks in mainland China with low risk and a short-to-mid-term. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment.

To monitor and control the investment risks associated with our financial product portfolio, we have adopted a comprehensive set of internal procedures to manage our investment in financial products. With the authorization of the Board and the supervision by our chief financial officer, our investment panel, which is comprised of certain members of our finance department with financial and cash management capabilities as well as prior work experience in investment funds and financial institutions, is responsible for analyzing, evaluating and determining the investment plans with respect to financial products in accordance with our cash management policies and internal approval process. Prior to modifying our existing investment portfolio, the proposal must be approved by our chief financial officer or designated senior members of the finance department. For details of our chief financial officer's expertise in this regard, see "Directors and Senior Management".

Upon the completion of the **[REDACTED]**, our investments in financial products will be subject to compliance with Chapter 14 of the Listing Rules.

Cash and Cash Equivalents

Our cash and cash equivalents consisted of cash at bank, cash equivalents and cash on hand. Most of our cash and cash equivalents were denominated in Renminbi during the Track Record Period. As of December 31, 2023, our cash and cash equivalents remained relatively stable at RMB280.4 million, respectively. As of December 31, 2024, our cash and cash equivalents increased to RMB340.4 million, mainly reflecting funds received from equity and debt financing activities. As of December 31, 2025, our cash and cash equivalents decreased to RMB329.4 million. See, Note 25 of the Accountants' Report in Appendix I to this document.

Trade Payables

Our trade payables primarily represented amounts due to suppliers. Our trade payables increase from RMB69.3 million as of December 31, 2023 to RMB102.2 million as of December 31, 2024, and further to RMB194.8 million as of December 31, 2025, mainly due to our increase in procurement in line with our business growth.

The following table sets forth an aging analysis of our trade payables based on the receipt of services and goods, as of dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	69,248	102,176	194,818
1 to 2 years	–	–	–
2 to 3 years	1	–	–
Over 3 years	2	1	1
Total	**69,251**	**102,177**	**194,819**

The following table sets forth our trade payable turnover days for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days[(1)]	88	84	103

Note:

(1) Calculated using the average of opening balance and closing balance of the trade payables for such period divided by cost of sales for the relevant period and multiplied by the number of days during such period.

Our trade payables turnover days remained relatively stable from 2023 to 2024. We recorded trade payables turnover days of 88 days in 2023 and 84 days in 2024, mainly because our payment terms with suppliers are generally of 30 days to 60 days, coupled with the impact of the monthly settlement date. We recorded trade payables turnover days of 103 days in 2025, primarily because extended payment settlement periods with suppliers given favorable changes in suppliers' credit terms.

As of February 28, 2026, RMB65.8 million, or 33.8% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) staff costs and welfare accruals, (ii) accruals, mainly representing payables for equipment, fixtures and office decoration and service fees, and (iii) other tax payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff cost and welfare accruals	12,109	12,037	11,449
Accruals	4,869	1,215	3,329
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other tax payables	544	752	636
Total	**17,522**	**14,004**	**17,428**

Our other payables and accruals generally remained relatively stable during the Track Record Period. We recorded other payables and accruals of RMB17.5 million, RMB14.0 million and RMB17.4 million as of December 31, 2023, 2024, and 2025.

As of February 28, 2026, RMB15.4 million, or 88.1% of our other payables and accruals as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities include prepayment received from our customers based on sales orders in advance of our delivery of products under relevant contracts.

Our contract liabilities remained relatively stable at RMB1.6 million as of December 31, 2023 and RMB1.7 million as of December 31, 2024. Our contract liabilities decreased to RMB0.6 million as of December 31, 2025 from RMB1.7 million as of December 31, 2024, mainly due to changes in market dynamics and our product mix and sales approach, leading to shorter delivery cycles and reduced prepayment requirements.

As of February 28, 2026, RMB0.4 million, or 61.5% of our contract liabilities as of December 31, 2025 have been subsequently recognized as revenue.

Refund liabilities from right of return

Our refund liabilities from right of return represents estimated liabilities arising from return goods sold to customers. At the same time, we also recognize returned inventory assets based on estimated value of future returned goods. See "— Inventory" for returned inventory assets. We estimate the refund liabilities based on our total revenue over the period and the expected return rate. We estimate the expected return rate based on the historical return rates over the past two years, which represent the weighted average of the return rates for the current year and the prior year. The estimate is updated at each reporting date, with corresponding adjustments to the refund liabilities from right of return and the returned inventory asset. Our refund liabilities from right of return remained relatively stable at RMB9.0 million, RMB9.5 million and RMB10.0 million as of December 31, 2023, 2024, and 2025, despite our continuous sales growth, mainly as a result of improved return rates due to our continuous improvement of product quality, especially in terms of process control, test coverage and design optimization, as well as our efforts in strengthening the quality management of the entire product life cycle. See Note 30 of the Accountants' Report in Appendix I to this document.

INDEBTEDNESS

As of December 31, 2023 and 2024 and 2025, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Current:				
Borrowings	–	46,103	74,095	78,641
Lease liabilities	4,705	4,073	4,022	4,197
Redemption liabilities	691,764	914,862	–	–
Non-current:				
Lease liabilities	3,439	1,337	8,781	7,877
Total	**699,908**	**966,375**	**86,898**	**90,715**

Our Directors are of the view that there has not been any material change in our indebtedness since December 31, 2025 up to the date of this document.

Lease Liabilities

Our lease liabilities primarily consist of lease payments for office spaces, where the current portion represents those due within one year, with non-current portion represents those due over one year. The following table sets forth details of our lease liabilities as of dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current	4,705	4,073	4,022
Non-current	3,439	1,337	8,781
Total	**8,144**	**5,410**	**12,803**

Our lease liabilities decreased from RMB8.1 million as of December 31, 2023 to RMB5.4 million as of December 31, 2024, mainly due to (i) our payment of lease liabilities and (ii) termination of certain lease agreements. Our lease liabilities increased from RMB5.4 million as of December 31, 2024 to RMB12.8 million as of December 31, 2025, primarily due to increased leased premises.

Redemption Liabilities

Our redemption liabilities mainly represents an obligation to purchase our equity instruments for cash, which gives rise to a financial liability for the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at fair value of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of redemption liabilities. Our redemption liabilities amounted to RMB691.8 million and RMB914.9 million as of December 31, 2023 and 2024, respectively. The increase was due to new issuance of equity instruments with redemption rights to investors from 2023 to 2024 and accumulated interest expenses. We did not record any redemption liability as of December 31, 2025 because the redemption rights of the investors were terminated in September 2025. See, Note 37 of the Accountants' Report in Appendix I to this document.

Borrowings

Our borrowings represent discounted undue bills receivables, which are recognized initially at fair value, net of directly attributable transaction costs incurred, and are subsequently stated at amortized cost. Our borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months. We consider the risk and rewards of ownership of these undue bills have not been substantially transferred and treats it as short-term borrowings from banks until these undue bills are settled. Our borrowings amounted to nil, RMB46.1 million and RMB74.1 million as of December 31, 2023, 2024 and 2025, respectively, because we discounted undue bills receivables with recourse of RMB46.1 million and RMB74.1 million as of December 31, 2024 and 2025, respectively, to banks at a discount rate negotiated with the banks. See, Note 29 of the Accountants' Report in Appendix I to this document.

As of February 28, 2026, we did not have any unutilized banking facilities because we did not have any bank credit facilities, although certain applications were under review by banks and had not yet been approved as of February 28, 2026.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash from operating cashflow, bank loans and capital contribution from shareholders. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations and the net **[REDACTED]** from the **[REDACTED]**. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash used in operations	(250,914)	(125,576)	(80,179)
Net cash used in investing activities	(15,624)	(4,301)	(3,502)
Net cash generated from financing activities	261,317	189,834	72,731
Net increase/(decrease) in cash and cash equivalents	(5,221)	59,957	(10,950)
Cash and cash equivalents at the beginning of the year	285,623	280,402	340,359
Cash and cash equivalents at the end of the year	280,402	340,359	329,409

Operating Activities

We had net cash flows used in our operating activities of RMB250.9 million, RMB125.6 million, and RMB80.2 million in 2023, 2024 and 2025. We expect to improve our net operating cash flows through (i) increasing revenue by expanding our power device and audio IC products portfolio to capture growing market demands and expand our customer base; (ii) upgrading and innovating our products to bring more value to our customers, which in turn would drive further revenue growth; (iii) optimizing cost structure and improving operating efficiency to maintain operating expenses at a reasonable level comparable to our revenue scale; and (iv) improving working capital efficiency through enhanced receivables collection, better inventory management to ensure sufficient supply to meet the growing downstream demands, and effective and prudent utilization of financial resources. Please also see "— Path to Profitability" for details.

We had net cash flows used in our operating activities of RMB80.2 million in the year ended December 31, 2025. Considering the cash and cash equivalents during the Track Record Period, we are of the view that our total cash balance is sufficient to cover our cash needs for operating activities and provides adequate liquidity for our expansion and growth strategies. As such, we believe that we possess sufficient working capital to finance our operations, after taking into account the financial resources available to us.

For the year ended December 31, 2025, our net cash used in operating activities amounted to RMB80.2 million, primarily attributable to our loss before income tax of RMB206.9 million, as adjusted by (i) certain non-cash and non-operating items, which primarily consisted of equity-settled share-based payment of RMB9.9 million and depreciation on property, plant and equipment of RMB6.9 million; and (ii) changes in working capital, which primarily result from an increase in trade payables of RMB92.6 million mainly due to increase in procurement in line with our business growth and decrease in inventories of RMB23.0 million mainly due to our inventory management efforts, the result of which are partially offset by an increase in trade receivables of RMB26.9 million and decrease in refund liabilities from right of return of RMB0.6 million mainly due to improved return rates.

For the year ended December 31, 2024, our net cash used in from operating activities amounted to RMB125.6 million, primarily attributable to our loss before income tax of RMB183.9 million, as adjusted by (i) certain non-cash and non-operating items, which primarily consisted of equity-settled share-based payment of RMB12.6 million, depreciation on property, plant and equipment of RMB5.6 million and depreciation on right-of-use assets of RMB5.4 million; and (ii) changes in working capital, which primarily result from a decrease in trade receivables of RMB39.3 million mainly due to our tightened credit limits and stricter management measures on overdue behavior and increase in trade payables of RMB32.9 million mainly due to increase in procurement in line with our business growth, the result of which are partially offset by an increase in bills receivables of RMB63.6 million and increase in prepayments, deposits and other receivables of RMB22.5 million mainly due to increase in procurement.

For the year ended December 31, 2023, our net cash used in from operating activities amounted to RMB250.9 million, primarily attributable to our loss before income tax of RMB151.4 million, as adjusted by (i) certain non-cash and non-operating items, which primarily consisted of provision for impairment of obsolete inventories of RMB26.1 million, equity-settled share-based payment of RMB20.8 million, and depreciation on right-of-use assets of RMB5.3 million; and (ii) changes in working capital, which primarily result from an increase in refund liabilities from right of return of RMB6.9 million mainly due to sales growth, the result of which are partially offset by an increase in inventories of RMB71.6 million and increase in trade receivables of RMB86.8 million, which were generally in line with our sales growth.

Investing Activities

For the year ended December 31, 2025, we had net cash used in investing activities of RMB3.5 million, primarily attributable to purchase of assets at FVTPL of RMB675.1 million and proceeds on disposal of financial assets at FVTPL of RMB678.9 million.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB4.3 million, primarily attributable to purchase of financial assets at FVTPL of RMB905.0 million and proceeds on disposal of financial assets at FVTPL of RMB908.3 million.

For the year ended December 31, 2023, we had net cash used in investing activities of RMB15.6 million, primarily attributable to purchase of financial assets at FVTPL of RMB520.0 million and proceeds on disposal of financial assets at FVTPL of RMB520.7 million.

Financing Activities

For the year ended December 31, 2025, we had net cash generated from financing activities of RMB72.7 million, primarily attributable proceeds from issuance of shares with redemption rights of RMB50.0 million and proceeds from borrowings of RMB74.1 million, partially offset by repayment of borrowings of RMB46.1 million.

For the year ended December 31, 2024, we had net cash generated from financing activities of RMB189.8 million, primarily attributable proceeds from issuance of shares of RMB150.0 million and proceeds from borrowings of RMB46.1 million, partially offset by repayment of lease liabilities of RMB5.7 million.

For the year ended December 31, 2023, we had net cash generated from financing activities of RMB261.3 million, primarily attributable proceeds from issuance of shares of RMB267.0 million, partially offset by repayment of lease liabilities of RMB5.2 million.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any outstanding loan issued or agreed to be issued, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Our Directors confirm that there has been no material change in our contingent liabilities up to the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years indicated.

	For the year ended/As of December 31,		
	2023	**2024**	**2025**
Gross profit margin	8.5%	3.4%	2.6%
Current ratio(1)	0.8	0.7	2.6
Quick ratio(2)	0.6	0.5	2.0

Notes:

(1) Current ratio represents current assets divided by the current liabilities at the end of year.

(2) Quick ratio represents the difference of current assets and inventories divided by current liabilities at the end of year.

CAPITAL EXPENDITURE AND COMMITMENTS

During the Track Record Period, our capital expenditures primarily consisted of expenditures on property, plant and equipment for special equipment and leasehold improvements and on intangible assets. The following table sets forth our capital expenditure for the years indicated:

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of property, plant and equipment	13,133	7,347	3,602
Purchase of intangible assets	1,238	469	3,951
Total	**14,371**	**7,816**	**7,553**

Our capital expenditures were RMB14.4 million, RMB7.8 million and RMB7.6 million, as of December 31, 2023, 2024 and 2025, respectively. We expect to finance such capital expenditures primarily with cash flows generated from our business operations, bank borrowings, financing activities and the net **[REDACTED]** from the **[REDACTED]**. See "Future Plans and Use of **[REDACTED]**." We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

As of December 31, 2023, 2024 and 2025, we did not have any material commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

RELATED PARTY TRANSACTIONS

We did not enter into transactions with our related parties during the Track Record Period, except for compensation of key management personnel. See Note 39 of the Accountants' Report in Appendix I to this document.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including credit risk, liquidity risk and foreign current risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 42 in the Accountants' Report set out in Appendix I of this document.

WORKING CAPITAL

We had cash and cash equivalents, and financial assets at FVOCI of RMB357.0 million as of December 31, 2025. The Directors are of the opinions that, taking into account of the financial resources available to us, including (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents; (iii) current financial assets at fair value through profit or loss; and (iv) the estimated net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our requirements of at least the next 12 months from the date of this document.

DIVIDENDS

We did not declare or distribute dividends to our shareholders during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the **[REDACTED]**, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries. In view of our accumulated losses, as advised by our PRC Legal Adviser, we shall not declare or pay any dividend until we have distributable profits after the accumulated losses have been made up and statutory reserves have been drawn in accordance with relevant laws and regulations and the Articles of Association.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share), representing approximately **[REDACTED]** of the estimated net **[REDACTED]** from the **[REDACTED]** assuming no Shares are issued pursuant to the **[REDACTED]**. The **[REDACTED]** consist of (i) **[REDACTED]**-related expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]** million, and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]** million, comprising (a) fees and expenses of our legal advisers and reporting accountants of approximately HK$**[REDACTED]**, and (b) other fees and expenses of approximately HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** of HK$**[REDACTED]**. After the Track Record Period, approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. We do not believe any of the above fees or expenses are material or are unusually high for our Company. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The unaudited **[REDACTED]** financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out herein to provide **[REDACTED]** with further information to assess our financial performance after taking into account our adjusted net tangible assets to illustrate our financial position as of December 31, 2025, as if the **[REDACTED]** had taken place on December 31, 2025. See "Appendix II — Unaudited **[REDACTED]** Financial Information" for details.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the net **[REDACTED]** of the **[REDACTED]** which we will receive, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** stated in the document), will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]** and assuming the **[REDACTED]** is not exercised.

In accordance with our strategy, we plan to use the **[REDACTED]** for the following intended purposes in the amounts set forth below:

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for continuously enhancing research and development capabilities and expanding our product offerings. Including:

  o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the development of our infrastructure to optimize our underlying technological capabilities. See "Business — Our Strategies — Continuously to Improve the Virtual IDM Model, Increase R&D Investment, and Drive Technological Innovation". In particular:

    - **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the procurement of R&D equipment and software tools. By world-class research and testing infrastructure, we are able to significantly enhance our technical capabilities in device reliability, thermal management, and multiphysics collaborative design. Specifically, we will establish a comprehensive validation system in compliance with automotive standards, thereby significantly enhancing the performance and long-term reliability of our products under high power, high frequency, and high-temperature conditions. In order to support the development of the above core technologies, we plan to procure (i) new R&D equipment and software tools focusing on design verification and testing of SiC products, such as [high-temperature SiC power device dynamic testing system and high-voltage source measure unit; (ii) new R&D software tools focusing on thermal failure analysis and thermal coupling analysis applied in power device products, such as high-precision infrared thermal imaging system, steady-state thermal resistance testing system, and ANSYS multiphysics coupling simulation software, (iii) new R&D software tools applied in the process-structure coupled simulation of MEMS products, such as CoventorWare MEMS design suite, and (iv) additional production and testing-related equipment for the IPM production line. In particular, we expect to incur HK$**[REDACTED]** in 2026 to procure the racks and basic function modules for new R&D equipment and software tools focused on SiC product design verification and testing, software tools for thermal failure analysis and thermal coupling analysis in power device products, and software tools for process-structure coupled simulation of MEMS products. Over the next four years, we will gradually add test modules and molds for the R&D equipment used in SiC product design verification and testing, while renewing the MEMS process-structure coupled simulation software tools on an annual subscription basis. Additionally, we will commence the phased procurement of additional production and testing-related equipment for the IPM production line starting in 2028.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for expansion and upgrade of our R&D center. We plan to expand our R&D center located in China to further increase our R&D capacity and capabilities in product research validation, production process development and reliability testing, which can help us to establish a complete experimental area to match the growing business needs and the application of new technology capabilities. In particular, we plan to (i) lease new premises to expand our R&D center; (ii) enhance the laboratory with cleanroom specifications; (iii) establish additional CP testing lines will allow us to construct a comprehensive R&D closed loop, encompassing process development, device design, and packaging and testing; and (iv) establish production lines dedicated to IPM, to significantly enhance the thermal performance and long-term reliability of our products, thereby meeting the stringent demands for high power density and extended lifespan in sectors such as industrial and energy, and automotive. Concurrently, we aim to develop a comprehensive IPM technology platform that integrates design, manufacturing, and testing, which will enable us to deliver products of outstanding performance and stable quality to downstream customers. In particular, we plan to lease an additional 3,000 sq. m R&D center for a five-year term commencing in 2026. Concurrently, we will phase in the upgrade of the 1,000 sq. m laboratory's cleanroom to the ISO 8 standard alongside the construction of the CP production line. Separately, we intend to commence construction of the IPM production lines in 2027, with the goal of building a 2,000 sq. m laboratory.

  The above expansion of R&D infrastructure constitutes capital expenditure and will accordingly not have a material impact on our cost structure, however, as our technology continues to advance, our product costs may decrease. We expect these initiatives to fortify our R&D capabilities and elevate product performance, thereby driving higher revenue, improving our profit margins, and increasing our operating cash flow over the long term.

o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the research and development of products targeted at emerging applications, including automotive, AI, and alternative energies, thereby enriching our product matrix and optimizing our existing products. By fueling ongoing product iteration and technological innovation, we will be able to further enrich and optimize our product portfolio, capitalize on the opportunities presented by the development of technologies, and strategically expand customer base, thereby supporting the continued growth of our business. See "Business — Our Strategies — Fully Embrace the Historic Opportunities Presented by the Development of the Automotive, Energy and Industrial Sectors".

In this regard, we plan to recruit compound talents with experience in the research and development of power devices, signal chain ICs and edge-side AI audio algorithm and other related vertical fields to enhance or expand the capabilities of our R&D capabilities. Specifically, we intend to recruit twelve R&D professionals for power devices to expand our GaN product line and iterate on our existing product portfolios, alongside six specialists specializing in system architecture, design, layout, and simulation for audio chips, as well as six AI audio algorithm engineers. In addition, to capture with technological advancements and market demands, we plan to continuously iterate our existing products to integrate advanced technologies and to enrich our product matrix to meet the evolving needs of our downstream customers. We will continue to drive the rapid implementation of innovative technologies to deliver higher performance and higher value-added products, thereby strengthening our industry leadership.

The expenses related to talent recruitment, the iteration of existing products, and the expansion of our product matrix will be recorded as R&D expenses. Therefore, these expansion initiatives will not materially impact our cost structure. However, as new products enter sustained mass production and existing products undergo ongoing iteration and process optimization, our overall product costs are expected to decline further. We also anticipate that these investments in talent recruitment, product expansion, and iteration will drive top-line growth, expand our profit margins, and boost our operating cash flow over the long term.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for expanding our strategic expansion, including enhancing our distribution and service network and improving our operational efficiency. In particular:

  - o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used to enhance customer partnerships and expand market reach. See "Business — Our Strategies — Deepen Collaboration with Key Strategic Customers and Continuously Expand Our New Client". In this regard, we plan to expand our sales force by recruiting 39 seasoned sales professionals, including 12 specializing in the sales of automotive-grade power devices, 15 in signal chain chips, and 12 in server power products; and recruiting 15 customer support engineers to strengthen product installation support and enhance the after-sales experience for our clients. We also plan to expand our distribution networks by strengthening in-depth cooperation with local distributors, to reach a broader customer base. In addition, we plan to increase our investment in marketing activities, including but not limited to participating in more global and domestic industry exhibitions and technology launches, to promote and showcase the advantages of our products and expand customer exposure, and lease of additional 3,000 sq. m of space for product showrooms, business reception, and other sales purposes.

    The expenses relating to our expansion of sales force and customer support force, and marketing activities will be recorded as selling expenses. The lease of additional 3,000 sq. m of space will be recored as right-of-use assets. The above expansion plans will have no material impact on our cost structure. We expect to enhance our sales and marketing capabilities through such plans, which enables us generate more revenue and increase our operating cash inflow in the long-term.

- o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used to enhance operational efficiency in managing customer requirements and delivery schedules. In particular, we plan to (i) establish integrated requirements and delivery planning management system to dynamically manage customer demands, raw materials, work-in-progress, and inventory information, enabling real-time monitoring and feedback on production and delivery status, and provision of production forecasts; (ii) upgrade customer management system, to enhance distributors management and optimize pre-sales and after-sales management of customer demands; and (iii) deploy localized intelligent agents, which specifically include AI-based automated review processes to enhance efficiency, and train industry and department-specific AI experts to handle business operations and conduct training. Specifically, we will initiate the procurement of these systems in 2026, followed by the phased upgrade and refinement of their deployment.

  The deployment of planning management system, customer management system and locailized intelligent agents will be recored as intangible property and subsequent amortization will be charged to administrative expense. The above expansion plans will have no material impact on our cost structure. With the improved operational efficiency and enhanced level of process automation, we expect to improve profit margin in the long term.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for potential industry-related strategic investments and acquisition opportunities. Our focus will be on targets that possess differentiated technological capabilities that can enhance our technology portfolio, such as electronic component suppliers with customer synergies; or facilitate the expansion of our product offerings or the entry into new market segments, such as manufacturers specializing in power-related analog chip design products. As of the Latest Practicable Date, we had not proposed to invest in any specific expansion target or identified any such targets for the use of **[REDACTED]** from the **[REDACTED]**; and

  - o We primarily focus on investment opportunities that exhibit a high degree of synergy with our existing business, and we expect to adopt a controlling investment approach so that such targets may be integrated into our business portfolio. In identifying suitable investment targets, we mainly consider the following factors: (i) Business synergy with our existing markets and customers. This includes microcontroller units (MCUs) and driver ICs for automotive applications, as well as analog chips for AI data-centre power systems. These products are highly complementary to our existing power device business and are procured by the same customer base for different application needs. Such complementarities enable cross-selling and allow us to expand the breadth of our business with existing customers.(ii) Strategic alignment with our target niche markets. Such targets will not only bring complementary technologies, products, or customer resources, but also significantly enhance our differentiated competitive edge in target markets. Through such strategic M&A, we can quickly fill gaps in our product line while seizing a first-mover position in emerging niche markets, thereby driving long-term growth and profitability improvement.

o According to CIC, there are over 500 companies that meet our selection criteria.

- **[REDACTED]**, or approximately HK$**[REDACTED]** will be used for the working capital and general corporate purposes.

In accordance with our above strategy, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

			Year ending December 31,						Approximate % of the total	Total Capital
			2026	2027	2028	2029	2030	Total	[REDACTED]	Expenditure
								(HK$ in million)		*(HK$ in million)*
Continuously enhancing research and development capabilities and expanding our product offerings	Development of our infrastructure	Procurement of R&D equipment and software tools	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		Expansion and upgrade of our R&D center	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Research and development of products targeted at emerging applications		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding our strategic expansion	Enhance customer partnerships and expand market reach		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Enhance operational efficiency		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Potential industry-related strategic investments and acquisition opportunities globally			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per Share (being the high end of the **[REDACTED]** stated in this document), we will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. If the **[REDACTED]** is fixed at HK$**[REDACTED]** per Share (being the low end of the **[REDACTED]** stated in this document), the net **[REDACTED]** we receive will be reduced by approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the estimated **[REDACTED]**.

In the event that the **[REDACTED]** is exercised in full, the additional net **[REDACTED]** that we would receive would be HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** stated in the document). Additional net **[REDACTED]** received due to the exercise of any **[REDACTED]** will be used for the above purposes accordingly on a pro rata basis if the **[REDACTED]** is exercised.

To the extent that the net **[REDACTED]** from the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above use of **[REDACTED]**.

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report set out on pages [●] to [●], received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of BDO Limited]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ALKAIDSEMI (SHANGHAI) TECHNOLOGIES CORPORATION* 瑶芯微(上海)電子科技股份有限公司 AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

INTRODUCTION

We report on the historical financial information of Alkaidsemi (Shanghai) Technologies Corporation* 瑶芯微(上海)電子科技股份有限公司 (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages [●] to [●], which comprises the consolidated statements of financial position as of December 31, 2023, 2024 and 2025 and the statements of financial position of the Company as of December 31, 2023, 2024 and 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "**Track Record Period**") and material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTOR'S RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as of December 31, 2023, 2024 and 2025, the Company's financial position as of December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

DIVIDENDS

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants
[●]
Practising Certificate no. [●]
Hong Kong
[●]

* *For identification purpose only*

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

For the purpose of the Historical Financial Information of this report, the directors of the Company have prepared the Underlying Financial Statements in accordance with the basis of preparation set out in Note 2 and principal accounting policies set out in Note 4.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*7*	432,734	383,166	541,473
Cost of sales		(395,956)	(370,316)	(527,202)
Gross profit		36,778	12,850	14,271
Other income and other gains or loss, net	*8*	7,580	11,049	2,020
Selling and distribution expenses		(30,504)	(30,536)	(34,650)
Research and development expenses		(68,475)	(59,175)	(72,121)
Administrative expenses		(46,059)	(49,365)	(49,130)
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Reversal of impairment/(impairment loss) on financial assets, net	*10*	(4,491)	1,536	(1,231)
Loss from operations		(105,171)	(113,641)	(152,884)
Finance income	*9*	747	3,335	3,827
Finance costs	*9*	(449)	(527)	(1,245)
Finance costs, net		298	2,808	2,582
Changes in the carrying amount of redemption liabilities	*31*	(46,535)	(73,098)	(56,579)
Loss before income tax	*10*	(151,408)	(183,931)	(206,881)
Income tax (expense)/credit	*11*	44	17	(4)
Loss for the year		(151,364)	(183,914)	(206,885)

		Year ended December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Other comprehensive income				
Item that will not be reclassified to profit or loss:				
— Changes in fair value of financial assets at fair value through other comprehensive income ("**FVOCI**"), net of tax		750	15,920	8,900
Other comprehensive income for the year, net of tax		750	15,920	8,900
Total comprehensive income for the year		(150,614)	(167,994)	(197,985)
Loss for the year attributable to:				
Owners of the Company		(151,364)	(183,914)	(206,885)
		(151,364)	(183,914)	(206,885)
Total comprehensive income for the year attributable to:				
Owners of the Company		(150,614)	(167,994)	(197,985)
		(150,614)	(167,994)	(197,985)
Loss per share (RMB) attributable to owners of the Company				
Basic and diluted	*13*	(11.4)	(13.5)	(14.3)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*15*	17,342	18,981	15,542
Intangible assets	*17*	3,818	1,672	3,904
Right-of-use assets	*18(a)*	8,635	6,215	12,887
Equity instrument designated at FVOCI	*19*	2,750	18,670	27,570
Prepayments for property, plant and equipment	*24*	2,088	1,077	2,787
Total non-current assets		34,633	46,615	62,690
Current assets				
Inventories	*21*	165,660	188,630	178,999
Trade receivables	*22*	141,541	103,725	129,424
Bills receivables	*23*	14,634	78,255	88,644
Prepayments, deposits and other receivables	*24*	16,975	40,481	58,188
Tax recoverable		23	23	23
Cash and cash equivalents	*25*	280,402	340,359	329,409
Total current assets		619,235	751,473	784,687
Current liabilities				
Trade payables	*26*	69,251	102,177	194,819
Other payables and accruals	*27*	17,522	14,004	17,428
Contract liabilities	*28*	1,597	1,687	626
Borrowings	*29*	–	46,103	74,095
Lease liabilities	*18(b)*	4,705	4,073	4,022
Refund liabilities from right of return	*30*	8,991	9,464	10,026
Redemption liabilities	*31*	691,764	914,862	–
Total current liabilities		793,830	1,092,370	301,016
Net current (liabilities)/assets		(174,595)	(340,897)	483,671
TOTAL ASSETS LESS CURRENT LIABILITIES		(139,962)	(294,282)	546,361

		As of December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*18(b)*	3,439	1,337	8,781
Deferred income	*32*	239	3,444	3,330
Deferred tax liabilities	*20*	23	6	–
Total non-current liabilities		3,701	4,787	12,111
Net (liabilities)/assets		(143,663)	(299,069)	534,250
EQUITY				
Equity attributable to owners of the Company				
Share capital	*34*	16,284	16,852	17,042
Reserves	*35*	(159,947)	(315,921)	517,208
TOTAL (DEFICIT)/EQUITY		(143,663)	(299,069)	534,250

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investments in subsidiaries	*16*	3,000	3,000	4,000
Property, plant and equipment	*15*	13,660	16,468	14,269
Intangible assets	*17*	3,818	1,672	3,904
Right-of-use assets	*18(a)*	8,604	6,185	12,527
Equity instrument designated at FVOCI	*19*	2,750	18,670	27,570
Prepayments for property, plant and equipment	*24*	2,088	1,077	2,659
Total non-current assets		33,920	47,072	64,929
Current assets				
Inventories	*21*	165,660	188,630	178,999
Trade receivables	*22*	141,541	103,706	129,424
Bills receivables	*23*	14,634	78,255	88,644
Prepayments, deposits and other receivables	*24*	16,773	40,305	57,965
Cash and cash equivalents	*25*	272,047	327,883	320,353
Total current assets		610,655	738,779	775,385
Current liabilities				
Trade payables	*26*	69,251	102,177	194,819
Other payables and accruals	*27*	16,732	12,876	16,539
Amount due to a subsidiary	*36*	–	–	5,618
Contract liabilities	*28*	1,597	1,687	626
Borrowings	*29*	–	46,103	74,095
Lease liabilities	*18(b)*	4,705	4,073	3,913
Refund liabilities from right of return	*30*	8,991	9,464	10,026
Redemption liabilities	*31*	691,764	914,862	–
Total current liabilities		793,040	1,091,242	305,636
Net current (liabilities)/assets		(182,385)	(352,463)	469,749
TOTAL ASSETS LESS CURRENT LIABILITIES		(148,465)	(305,391)	534,678

		As of December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*18(b)*	3,439	1,337	8,574
Deferred income	*32*	239	3,444	3,330
Total non-current liabilities		3,678	4,781	11,904
Net (liabilities)/assets		(152,143)	(310,172)	522,774
EQUITY				
Share capital	*34*	16,284	16,852	17,042
Reserves	*35*	(168,427)	(327,024)	505,732
TOTAL (DEFICIT)/EQUITY		(152,143)	(310,172)	522,774

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	**Share premium***	**Capital reserve***	**FVOCI reserve***	**Other reserve***	**Accumulated losses***	**Total deficit**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 35(a))*	*(Note 35(b))*	*(Note 35(c))*	*(Note 35(d))*	*(Note 35(e))*	
Balance at January 1, 2023	4,867	359,133	184,276	–	(351,000)	(211,134)	(13,858)
Loss for the year	–	–	–	–	–	(151,364)	(151,364)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	–	750	–	–	750
Total comprehensive income for the year	–	–	–	750	–	(151,364)	(150,614)
Equity-settled shared-based transactions *(Note 33)*	–	–	20,809	–	–	–	20,809
Capital injection from shareholders *(Note 34)*	1,284	265,716	–	–	–	–	267,000
Transfer of share premium *(Note 34)*	10,133	(10,133)	–	–	–	–	–
Recognition of redemption liabilities *(Note 31)*	–	–	–	–	(267,000)	–	(267,000)
Balance at December 31, 2023 and January 1, 2024	16,284	614,716	205,085	750	(618,000)	(362,498)	(143,663)

	Attributable to owners of the Company						
	Share capital	**Share premium***	**Capital reserve***	**FVOCI reserve***	**Other reserve***	**Accumulated losses***	**Total (deficit)/ equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 35(a))*	*(Note 35(b))*	*(Note 35(c))*	*(Note 35(d))*	*(Note 35(e))*	
Balance at January 1, 2024	16,284	614,716	205,085	750	(618,000)	(362,498)	(143,663)
Loss for the year	–	–	–	–	–	(183,914)	(183,914)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	–	15,920	–	–	15,920
Total comprehensive income for the year	–	–	–	15,920	–	(183,914)	(167,994)
Equity-settled shared-based transactions *(Note 33)*	–	–	12,588	–	–	–	12,588
Capital injection from shareholders *(Note 34)*	568	149,432	–	–	–	–	150,000
Recognition of redemption liabilities *(Note 31)*	–	–	–	–	(150,000)	–	(150,000)
Balance at December 31, 2024 and January 1, 2025	16,852	764,148	217,673	16,670	(768,000)	(546,412)	(299,069)
Loss for the year	–	–	–	–	–	(206,885)	(206,885)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	–	8,900	–	–	8,900
Total comprehensive income for the year	–	–	–	8,900	–	(206,885)	(197,985)
Equity-settled shared-based transactions *(Note 33)*	–	–	9,863	–	–	–	9,863
Issue of ordinary shares *(Note 34)*	190	49,810	–	–	–	–	50,000
Derecognition of redemption liabilities *(Note 31)*	–	–	–	–	971,441	–	971,441
Balance at December 31, 2025	17,042	813,958	227,536	25,570	203,441	(753,297)	534,250

* These reserve accounts comprise the consolidated reserves as of December 31, 2023 and 2024, and 2025 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Loss before income tax		(151,408)	(183,931)	(206,881)
Adjustments for:				
Depreciation on property, plant and equipment	*15*	4,255	5,601	6,880
Amortization of intangible assets	*17*	2,460	2,615	1,719
Depreciation on right-of-use assets	*18(a)*	5,250	5,428	5,113
Net gain on lease termination		–	–	(376)
Gain on disposal of property, plant and equipment		–	(73)	(63)
(Reversal of impairment loss) on financial assets/impairment loss		4,491	(1,536)	1,231
Provision for/(reversal of) impairment of obsolete inventories		26,089	(5,454)	32,641
Bank interest income	*8*	(2,298)	(963)	(1,229)
Change in fair value of financial assets at fair value through profits or loss ("**FVTPL**")	*9*	(747)	(3,335)	(3,827)
Finance costs	*9*	449	527	1,245
Changes in the carrying amount of redemption liabilities	*31*	46,535	73,098	56,579
Equity-settled share-based payment		20,809	12,588	9,863
Operating loss before working capital changes		(44,115)	(95,435)	(97,105)
Increase in inventories		(71,644)	(17,515)	(23,010)
(Increase)/decrease in trade receivables		(86,778)	39,349	(26,860)
Increase in prepayments, deposits and other receivables		(3,411)	(22,493)	(19,486)
Increase/(decrease) in trade payables		(52,183)	32,926	92,642
Increase/(decrease) in other payables and accruals		891	(3,518)	3,424
Increase in bill receivables		(107)	(63,621)	(10,389)
Increase in refund liabilities from right of return		6,920	473	562
Increase/(decrease) in deferred income		239	3,205	(114)
Increase/(decrease) in contract liabilities		(3,051)	90	(1,061)
Cash used in operations		(253,239)	(126,539)	(81,397)
Interest received	*8*	2,298	963	1,229
Income tax (paid)/refund		27	–	(11)
Net cash used in operating activities		(250,914)	(125,576)	(80,179)

		Year ended December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of property, plant and equipment	*15*	(13,133)	(7,347)	(3,602)
Purchase of intangible assets	*17*	(1,238)	(469)	(3,951)
Proceeds on disposal of financial assets at financial assets at FVTPL		520,747	908,335	678,947
Purchase of financial assets at FVTPL		(520,000)	(905,000)	(675,120)
Proceeds on disposal of property, plant and equipment.		–	180	224
Purchase of financial asset at FVOCI		(2,000)	–	–
Net cash used in investing activities		(15,624)	(4,301)	(3,502)
Cash flows from financing activities	*37*			
Proceeds from issues of shares with redemption rights		267,000	150,000	–
Issue of share capital		–	–	50,000
Proceeds from borrowings		–	46,103	74,095
Repayment of borrowings		–	–	(46,103)
Repayment of lease liabilities		(5,234)	(5,742)	(4,016)
Interest paid	*9*	(449)	(527)	(1,245)
Net cash generated from financing activities		261,317	189,834	72,731
Net increase/(decrease) in cash and cash equivalents		(5,221)	59,957	(10,950)
Cash and cash equivalents at the beginning of the year		285,623	280,402	340,359
Cash and cash equivalents at the end of the year		280,402	340,359	329,409

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on August 26, 2019. The registered office address and principal place of business of the Company is located at No. 11, Lane 999, Dangui Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC. The ultimate controlling party is Dr. Guo Liangliang.

During the Track Record Period, the Group, are principally engaged in design, research and development and trading of various types of semiconductor products.

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiaries	*Note*	Date and place of incorporation/ establishment	Place of operation	Issued/paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Xian Alkaidsemi Technology Co., Ltd.* 西安瑤芯微電子科技有限公司	*1*	2020–11–16, the PRC	The PRC	RMB1,000,000	100.00%	–	Integrated circuit chip design and services in PRC
Alkaid Semiconductor (Huzhou) Co., Ltd.* 瑤芯半導體(湖州)有限公司	*1*	2020–07–29, the PRC	The PRC	RMB3,000,000	100.00%	–	Integrated circuit design and sale of semiconductor discrete devices in PRC

(1) All companies comprising the Group have adopted December 31 as their financial year-end date.

The financial statements of these entities for the year ended December 31, 2023 prepared in accordance with PRC Generally Accepted Accounting Principles was audited by Shanghai Huarui Certified Public Accountants Co., Ltd.

The financial statements of these entities for the year ended December 31, 2024 prepared in accordance with PRC Generally Accepted Accounting Principles was audited by Zhonghua Certified Public Accountants LLP.

The financial statements of these entities for the year ended December 31, 2025 prepared in accordance with PRC Generally Accepted Accounting Principles will be audited by Zhonghua Certified Public Accountants LLP.

* The English translation of terms or names in Chinese which are marked with "*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 with conform with IFRS Accounting Standards, which includes, all standards and interpretations approved by the International Accounting Standards Board. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

For the purpose of preparing the Historical Financial Information, all relevant standards, amendments and interpretations to the IFRS Accounting Standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period, unless otherwise stated.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5 below.

2.2 Basis of measurement

The Historical Financial Information has been prepared on the historical cost basis, except for revaluation of certain financial assets at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

2.3 Functional and presentation currency

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

3. NEW OR REVISED IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised IFRS Accounting standards, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Group.

Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after January 1, 2026
2 Effective for annual periods beginning on or after January 1, 2027

IFRS Accounting standards

The Group considers that these new or revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes.

The application of IFRS 18 is not expected to have a material impact on the financial position and performance of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) comprising the Group for the Track Record Period.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances and unrealized gains on transactions have been eliminated in full on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Group.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee; (ii) exposure, or rights, to variable returns from the investee; and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment loss, if any.

4.3 Revenue and other income recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or service.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Contracts for the sales of goods may provide customers with rights of return and the rights of return give rise to variable consideration. For contracts which provide a customer with the right to return the goods within a specified period, the Group uses its accumulated historical experience to estimate the sales return using the expected value method because this method best predicts the amount of variable consideration to which the Group will be entitled. Revenue is recognized for sales which are considered highly probable that a significant reversal in the cumulative revenue recognized will not occur. The requirement of IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. Returned inventory assets (and the corresponding adjustment to cost of sales) is also recognized for the right to recover goods from a customer.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of goods

Revenue is recognized when the Group transfers the control over the chip products to customers (i.e. goods accepted by customers) or satisfies the performance obligation in the contract.

(ii) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue. A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized.

(iii) Government grants

Government grants are recognized in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants related to assets shall be recognized as deferred income in the consolidated statements of financial position and recorded in other income and other gains or losses, net in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be recorded in other income in the period in which the relevant expenses or losses are recognized; other government grants shall be recorded in other income and other gains or losses, net directly.

4.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 4.8). The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in profit or loss in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

Special equipment	3–6 years
Motor vehicles	3–4 years
Furniture, fixtures and office equipment	3 years
Computer and electronic equipment	3–5 years
Leasehold improvements	short of useful lives or lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

4.5 Intangible assets and research and development expenses

(i) Intangible assets

Intangible assets acquired separately are initially recognized at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses (see Note 4.8). Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses (see Note 4.8).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Patents	10 years
Software	1–5 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(ii) Research and development expenses

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized as intangible assets only if the expenditure can meet the following recognition requirements:

(a) demonstration of technical feasibilities of the prospective product internal use or sale;

(b) sufficient technical, financial and other resources are available for completion;

(c) there is intention to complete the intangible asset and use or sell it;

(d) the Group's ability to use or sell the intangible asset is demonstrated;

(e) the intangible asset will generate probable economic benefits through internal use or sale; and

(f) the expenditure attributable to the intangible asset can be reliably measured.

Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Capitalized development expenditure is amortized over the periods the Group expects to benefit from using or selling the products developed.

4.6 Leases

All leases are required to be capitalized in the consolidated statements of financial position/statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize leases which are short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Accounting as a lessee

Right-of-use asset

The right-of-use asset is recognized at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease liability

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

4.7 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in process of production for such sale or in the form of material or supplies to be consumed in the production process or in the provision of services.

Inventories are carried at the lower of cost and net realizable value as follows:

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

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

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4.8 Impairment of assets (other than financial assets)

At the end of reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased:

- Property, plant and equipment;
- Right-of-use assets;
- Intangible assets;
- Investment in subsidiaries; and
- Prepayments for property, plant and equipment.

Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. Cash Generating Unit ("**CGU**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. In respect of assets other than goodwill, reversal of an impairment loss is recognized in profit or loss immediately. An impairment loss in respect of goodwill is not reversed.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 4.10(ii)).

4.10 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss ("**FVTPL**") are recognized immediately in profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain on derecognition is recognized in profit or loss.

Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(b) Equity investment

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investment at FVOCI is measured at fair value. Dividend incomes are recognized in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss. All other equity investments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognized in profit or loss.

(ii) Impairment loss on financial assets

The Group recognizes loss allowances for expected credit loss ("**ECL**") on trade receivables, debt instruments at FVOCI and financial assets measured at amortized cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after each reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix with appropriate groupings or individually assessed for credit impaired debtors. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at each reporting date, including time value of money where appropriate.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- a breach of contract, such as a default or past due event.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in "FVOCI reserve".

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortized cost are initially measured at fair value, net of directly attributable costs incurred.

(a) Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, other payables and accruals, and refund liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in profit or loss.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

(b) Borrowings

Borrowings are recognized initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after each reporting period.

(c) Redemption liabilities

A contract that contains an obligation to repurchase the Company's own equity instruments for cash gives rise to a financial liability for the present value of the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the investors in the Company's financing process, such redemption liabilities is initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, cancelled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity.

(iv) Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.11 Foreign currency translation

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

4.12 Income tax

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

4.13 Employee benefits

(i) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "**Scheme**"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(ii) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of each annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

(iii) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iv) Termination benefits

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

(v) Share-based payments

Shareholders of the Company provides share-based compensation benefits to employees via its restricted share incentive schemes. Information relating to the schemes is set out in Note 33.

Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments (**"equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the restricted shares and share options at the grant date. The fair value of restricted shares granted is recognized as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the restricted shares model, taking into account the terms and conditions upon which the restricted shares were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of restricted shares, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of restricted shares that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total estimated fair value of the restricted shares is expensed over the vesting period, taking into account the probability that the restricted shares will vest. During the vesting period, the number of restricted shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest with a corresponding adjustment to the capital reserve.

4.14 Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

(i) Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at cost less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

(ii) Income taxes and deferred taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group would recognize deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that the future taxable profits would be uncertain.

(iii) Fair value measurement of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group engaged independent valuer to determine the inputs used in the fair value measurements. For details of the key assumptions used and the impact of changes to these assumptions, see Note 43.

(iv) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of each reporting period to ensure inventory is measured at the lower of cost and net realizable value.

(v) Provision of ECL for financial assets at amortized cost

The Group calculates ECL for trade receivables under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in Note 42(a). Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

6. SEGMENT REPORTING

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The internal financial reports primarily focus on the sales performance of chip products. No additional discrete financial information is provided beyond the consolidated results and overall financial position of the Group. Accordingly, disclosures are limited to entity-wide information, including major customers and geographic information.

(i) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in PRC. The geographical location of customers is based on the location at which the goods were sold were provided.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The PRC	432,734	383,162	541,464
Overseas	–	4	9
	432,734	383,166	541,473

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each reporting period during the Track Record Period is set out below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer I	50,357	N/A*	N/A*
Customer J	68,584	N/A*	N/A*
Customer E	N/A*	44,308	N/A*
Customer B	N/A*	N/A*	113,246

* Less than 10% of the Group's revenue in the respective year.

7. REVENUE

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:			
Disaggregated by major products lines			
Power devices			
— Si power devices	368,737	262,108	335,074
— SiC power devices	15,254	21,231	117,735
	383,991	283,339	452,809
Audio ICs			
— MEMS	48,454	98,168	87,230
— Signal chain ICs	289	1,659	1,434
	48,743	99,827	88,664
Total	432,734	383,166	541,473

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition under IFRS 15			
At a point in time	432,734	383,166	541,473
	432,734	383,166	541,473

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for chip products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of chip products that had an original expected duration of one year or less.

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables *(Note 22)*	141,541	103,725	129,424
Contract liabilities *(Note 28)*	1,597	1,687	626

8. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	2,298	963	1,229
Government grants *(Note (a))*	5,209	9,669	201
Net gain on lease termination	–	–	376
Gain on disposal of property, plant and equipment	–	73	63
Net foreign exchange gain/(loss)	(19)	13	1
Others	92	331	150
	7,580	11,049	2,020

Note:

(a) Government grants represented the financial support received from local government as an incentive for business development, subsidies received from the government for the encouragement of research and development projects and there are no unfulfilled conditions attached to the government grants.

9. FINANCE INCOME/(COSTS), NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Change in fair value of financial assets at FVTPL	747	3,335	3,827
Finance costs:			
Discounting of acceptance bills	–	(229)	(926)
Interest expense on lease liabilities	(449)	(298)	(319)
	(449)	(527)	(1,245)
	298	2,808	2,582

10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Auditors' remuneration	516	661	140
Depreciation of property, plant and equipment *(Note 15)*	4,255	5,601	6,880
Amortization of intangible assets *(Note 17)*	2,460	2,615	1,719
Depreciation of right-of-use assets *(Note 18(a))*	5,250	5,428	5,113
Cost of inventories sold included in cost of sales *(Note 21)*	366,862	351,864	483,505
Provision/reversal of impairment of obsolete inventories, net, included in cost of sales	26,089	(5,454)	32,641
Professional fee	3,049	1,211	3,171
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Short-term lease expenses	1,115	21	66
Employee costs (including directors' emoluments *(Note 14)*):			
— Salaries, wages and other benefits	56,640	66,978	70,937
— Equity-settled share-based payment *(Note 33)*	20,809	12,588	9,863
— Contributions to defined contribution retirement plan	4,687	6,137	6,650
	82,136	85,703	87,450
(Reversal of impairment)/impairment loss on financial assets, net *(Note 42(a))*:			
— Trade receivables	4,501	(1,533)	1,162
— Deposits and other receivables	(10)	(3)	69
	4,491	(1,536)	1,231

11. INCOME TAX (EXPENSE)/CREDIT

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax in respect of prior periods	27	–	(10)
Deferred tax *(Note 20)*	17	17	6
	44	17	(4)

The Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated.

PRC corporate income tax

The Company's subsidiaries established and operated in the PRC are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law ("**EIT Law**"). Pursuant to the EIT Law, the Company's subsidiaries established in the PRC are generally subject to EIT at the statutory rate of 25% during the Track Record Period, except for: (a) the Company which is registered as a High and New-Tech enterprises pursuant to the PRC tax resolutions and entitled to a preferential tax rate of 15%; (b) certain subsidiaries obtain the tax deduction in accordance with income tax preferential policy for small and micro enterprises and individual business, pursuant to the PRC tax regulations and entitled to a preferential tax rate of 20% for the years ended December 31, 2023, 2024 and 2025.

The income tax expense/(credit) for the Track Record Period can be reconciled to the loss before income tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	(151,408)	(183,931)	(206,881)
Tax calculated at applicable tax rate of 15%	(22,711)	(27,590)	(31,032)
Effect of different tax rates applicable to subsidiaries	804	424	254
Effect of adjustment to income tax of prior periods	(27)	–	10
Effect of expenses that are not deductible for tax purposes	7,235	11,269	8,136
Effect of deductible temporary differences or deductible losses unrecognized in the current period	8,098	4,341	6,680
Preferential tax deduction for research and development expenses	(8,517)	(7,933)	(10,509)
Unutilized losses for the current year that are carried forward to subsequent periods	15,179	19,523	26,463
Others	(17)	(17)	(6)
Income tax expense/(credit)	44	17	(4)

12. DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period.

13. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share during the Track Record Period is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Loss attributable to the owners of the Company	(151,364)	(183,914)	(206,885)
Weighted average number of ordinary shares outstanding for basic loss per share *('000)*	13,326	13,595	14,504
Basic loss per share *(RMB per share)*	(11.4)	(13.5)	(14.3)

The weighted average number of ordinary shares for the purpose of calculation of basic loss per share has been determined on the assumption that the conversion to a joint stock company as set out in Note 34 has been effective on January 1, 2023.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2023, 2024 and 2025, the computation of diluted loss per share does not assume the conversion or exercise of the ordinary shares with redemption rights (Note 31), restricted shares and share options (Note 33) as their assumed exercise would result in a decrease in loss per share, therefore, the diluted loss per share is the same as basic loss per share.

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' remuneration during the Track Record Period are as follows:

	Directors' Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement Scheme contributions *RMB'000*	Equity-settled share-based payments *RMB'000*	Total *RMB'000*
Year ended December 31, 2023						
Executive directors						
Dr. Guo Liangliang	–	982	188	68	–	1,238
Mr. Wang Qingsong *(Note (iii))*	–	742	78	68	–	888
Mr. Lu Xiaobao	–	–	–	–	–	–
	–	1,724	266	136	–	2,126
Supervisor						
Ms. Ma Lingyun *(Note (ii))*	–	262	56	39	136	493
	–	262	56	39	136	493

	Directors' Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement Scheme contributions *RMB'000*	Equity-settled share-based payments *RMB'000*	Total *RMB'000*
Year ended December 31, 2024						
Executive directors						
Dr. Guo Liangliang	–	982	140	71	–	1,193
Mr. Wang Qingsong *(Note (iii))*	–	618	46	58	–	722
Mr. Li Xin *(Note (i))*	–	230	36	18	–	284
Mr. Li Weigang *(Note (iv))*	–	231	18	18	–	267
Mr. Chen Kaiyu *(Note (v))*	–	269	21	18	–	308
Mr. Lu Xiaobao	–	–	–	–	–	–
	–	2,330	261	183	–	2,774
Supervisors						
Ms. Ma Lingyun *(Note (ii))*	–	242	28	47	–	317
Mr. Li Jia *(Note (vi))*	–	194	25	18	–	237
Mr. Wang Yiming *(Note (vii))*	–	178	31	11	145	365
Mr. Xu Tao *(Note (viii))*	–	128	24	18	49	219
	–	742	108	94	194	1,138

	Directors' Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement Scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025						
Executive directors						
Dr. Guo Liangliang	–	982	453	71	–	1,506
Mr. Li Xin *(Note (i))*	–	922	564	71	–	1,557
Mr. Li Weigang *(Note (iv))*	–	925	585	71	–	1,581
Mr. Chen Kaiyu *(Note (v))*	–	1,079	219	71	–	1,369
Mr. Lu Xiaobao	–	–	–	–	–	–
Mr. Wang Yiming *(Note (vii))*	–	280	34	15	125	454
	–	4,188	1,855	299	125	6,467
Independent non-executive directors						
Mr. Han Jun *(Note (ix))*	–	–	–	–	–	–
Ms. Wu Minyan *(Note (x))*	–	–	–	–	–	–
Mr. Li Hui *(Note (xi))*	–	–	–	–	–	–
	–	–	–	–	–	–
Supervisors						
Mr. Li Jia *(Note (vi))*	–	578	109	53	–	740
Mr. Wang Yiming *(Note (vii))*	–	609	109	33	358	1,109
Mr. Xu Tao *(Note (viii))*	–	416	117	53	110	696
	–	1,603	335	139	468	2,545

Notes:

(i) Mr. Li Xin was appointed as an executive director of the Company on October 29, 2024.

(ii) Ms. Ma Lingyun resigned as a supervisor of the Company on October 29, 2024.

(iii) Mr. Wang Qingsong resigned as an executive director of the Company on October 29, 2024.

(iv) Mr. Li Weigang was appointed as an executive director of the Company on October 29, 2024.

(v) Mr. Chen Kaiyu was appointed as an executive director of the Company on October 29, 2024.

(vi) Mr. Li Jia was appointed as a supervisor of the Company on October 29, 2024.

(vii) Mr. Wang Yiming was appointed as a supervisor of the Company on October 29, 2024 and was appointed as an executive director of the Company on September 10, 2025.

(viii) Mr. Xu Tao was appointed as a supervisor of the Company on October 29, 2024.

(ix) Mr. Han Jun was appointed as an independent non-executive director of the Company on September 10, 2025.

(x) Mr. Wu Minyan was appointed as an independent non-executive director of the Company on September 10, 2025.

(xi) Mr. Li Hui was appointed as an independent non-executive director of the Company on September 10, 2025.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, included of nil, nil and 1 director of the Group for the years ended December 31, 2023, 2024 and 2025, whose emoluments are disclosed above. The emoluments of the remaining 5, 5 and 4 individuals for each of the years ended December 31, 2023, 2024 and 2025 respectively, whose emoluments are analyzed below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries	3,399	3,632	3,566
Allowances and benefits in kind	375	347	291
Discretionary bonuses	1,097	1,309	1,148
Retirement Scheme contributions	340	325	279
Equity-settled share-based payments	12,084	5,840	4,351
	17,295	11,453	9,635

The number of the highest paid non-director individuals fell within the following emolument bands:

	Year ended December 31,		
	2023	**2024**	**2025**
	No. of individuals	*No. of individuals*	*No. of individuals*
Nil to HK$1,000,000	–	–	–
HK$1,000,001–HK$1,500,000	–	–	–
HK$1,500,001–HK$2,000,000	–	2	1
HK$2,000,001–HK$2,500,000	1	1	1
HK$2,500,001–HK$3,000,000	1	–	1
HK$3,000,001–HK$3,500,000	1	2	–
HK$3,500,001–HK$4,000,000	–	–	1
HK$4,000,001–HK$4,500,000	1	–	–
HK$4,500,001–HK$5,000,000	–	–	–
HK$5,000,001–HK$5,500,000	1	–	–
Over HK$5,500,001	–	–	–
	5	5	4

During the Track Record Period, no emoluments were paid by the Group to any director or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any emolument during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

The Group	**Special equipment**	**Motor vehicles**	**Furniture, fixture and office equipment**	**Computer and electronic equipment**	**Leasehold improvements**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At January 1, 2023	7,287	1,111	23	471	1,373	10,265
Additions	6,649	537	21	1,268	4,658	13,133
At December 31, 2023 and January 1, 2024	13,936	1,648	44	1,739	6,031	23,398
Additions	5,531	1,102	–	430	284	7,347
Disposals	–	(373)	–	–	–	(373)
At December 31, 2024 and January 1, 2025	19,467	2,377	44	2,169	6,315	30,372
Additions	1,908	408	–	715	571	3,602
Disposals	–	(378)	–	–	–	(378)
At December 31, 2025	21,375	2,407	44	2,884	6,886	33,596
Accumulated depreciation						
At January 1, 2023	1,254	311	8	43	185	1,801
Charge for the year	1,789	330	11	258	1,867	4,255
At December 31, 2023 and January 1, 2024	3,043	641	19	301	2,052	6,056
Charge for the year	3,009	467	12	515	1,598	5,601
Disposals	–	(266)	–	–	–	(266)
At December 31, 2024 and January 1, 2025	6,052	842	31	816	3,650	11,391
Charge for the year	3,879	549	8	678	1,766	6,880
Disposal	–	(217)	–	–	–	(217)
At December 31, 2025	9,931	1,174	39	1,494	5,416	18,054
Net carrying amount						
At December 31, 2023	10,893	1,007	25	1,438	3,979	17,342
At December 31, 2024	13,415	1,535	13	1,353	2,665	18,981
At December 31, 2025	11,444	1,233	5	1,390	1,470	15,542

There is impairment indication for the non-financial assets of the Group at the end of each reporting period during the Track Record Period resulting from the unfavourable operating performance of the Group during the Track Record Period. Therefore, the management has performed impairment assessment for the non-financial assets, which mainly consist of property, plant and equipment ("**PPE**"), right-of-use ("**ROU**") assets and intangible assets.

The recoverable amounts of these assets were determined based on fair value less costs of disposal ("**FVLCD**"). The Group adopted market approach and depreciated replacement cost ("**DRC**") approach to assess the fair value of PPE. For the PPE assets with available market quotes as at December 31, 2023, 2024 and 2025, FVLCOD was based on market approach which referenced the comparable market quotes adjusted by their functional and economic obsolescence as at December 31, 2023, 2024 and 2025. For the PPE assets without available market prices as at December 31, 2023, 2024 and 2025, DRC referenced their original acquisition costs with adjustments on their remaining use life. This approach assumes that the value of an asset is equivalent to the cost of acquiring or constructing a new asset of similar utility.

The Group assess the lessee's incremental borrowing rates ("**LIBRs**") of the leases and fair value of the ROU assets as at December 31, 2023, 2024 and 2025. The Group estimated the LIBRs based on four variables, being (i) reference rate, (ii) credit spread, (iii) secured yield adjustment, and (iv) illiquidity premium.

The Group adopted market approach and DRC approach to assess the fair value of intangible assets. For the intangible assets with available market quotes as at December 31, 2023, 2024 and 2025, DRC was based on market approach which referenced the comparable market quotes with adjustments on their remaining use life. For the intangible assets without available market prices as at December 31, 2023, 2024 and 2025, DRC referenced their original acquisition costs with adjustments on their remaining use life.

Based on the result of the assessment, the recoverable amounts of non-financial assets exceed the respective carrying amounts of non-financial assets as at December 31, 2023 and no impairment loss has been provided for the non-financial assets of the Group for the year ended December 31, 2023. As at December 31, 2024 and 2025, the recoverable amounts of non-financial assets slightly lower than the carrying amounts of non-financial assets and thus as the impact has considered immaterial impairment loss has not been provided for the non-financial assets of the Group for the year ended December 31, 2024 and 2025.

The Company	Special equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixture and office equipment *RMB'000*	Computer and electronic equipment *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost						
At January 1, 2023	2,494	547	23	133	1,194	4,391
Additions	6,649	537	21	1,268	4,658	13,133
At December 31, 2023 and January 1, 2024	9,143	1,084	44	1,401	5,852	17,524
Additions	5,531	1,102	–	430	284	7,347
Disposals	–	(373)	–	–	–	(373)
At December 31, 2024 and January 1, 2025	14,674	1,813	44	1,831	6,136	24,498
Additions	1,908	408	–	715	571	3,602
Disposals	–	(378)	–	–	–	(378)
At December 31, 2025	16,582	1,843	44	2,546	6,707	27,722
Accumulated depreciation						
At January 1, 2023	432	177	8	–	161	778
Charge for the year	882	197	11	190	1,806	3,086
At December 31, 2023 and January 1, 2024	1,314	374	19	190	1,967	3,864
Charge for the year	2,102	332	12	447	1,539	4,432
Disposals	–	(266)	–	–	–	(266)
At December 31, 2024 and January 1, 2025	3,416	440	31	637	3,506	8,030
Charge for the year	2,877	415	8	609	1,731	5,640
Disposals	–	(217)	–	–	–	(217)
At December 31, 2025	6,293	638	39	1,246	5,237	13,453
Net carrying amount						
At December 31, 2023	7,829	710	25	1,211	3,885	13,660
At December 31, 2024	11,258	1,373	13	1,194	2,630	16,468
At December 31, 2025	10,289	1,205	5	1,300	1,470	14,269

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investment, at cost	3,000	3,000	4,000

The particulars of the directly and indirectly held subsidiaries of the Company are set out in Note 1.

17. INTANGIBLE ASSETS

The Group and Company	**Patent**	**Software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At January 1, 2023	111	6,178	6,289
Additions	–	1,238	1,238
At December 31, 2023 and January 1, 2024	111	7,416	7,527
Additions	–	469	469
At December 31, 2024 and January 1, 2025	111	7,885	7,996
Additions	–	3,951	3,951
At December 31, 2025	111	11,836	11,947
Accumulated amortization			
At January 1, 2023	19	1,230	1,249
Charge for the year	11	2,449	2,460
At December 31, 2023 and January 1, 2024	30	3,679	3,709
Charge for the year	11	2,604	2,615
At December 31, 2024 and January 1, 2025	41	6,283	6,324
Charge for the year	11	1,708	1,719
At December 31, 2025	52	7,991	8,043
Net carrying amount			
At December 31, 2023	81	3,737	3,818
At December 31, 2024	70	1,602	1,672
At December 31, 2025	59	3,845	3,904

All of the Group's and Company's patent and software were acquired from third parties.

For the impairment assessment of intangible assets, please refer to Note 15 for more details.

18. LEASES

(a) Right-of-use assets

As of December 31, 2023, 2024 and 2025, the Group leases 7, 7 and 6 properties in the districts from which it operates, respectively. The leases have initial period of non-cancellable leases between 2 and 5 years as at December 31, 2023, 2024 and 2025, respectively.

The carrying amounts of the Group's right-of-use assets and the movements during the Track Record Period are as follows:

The Group	**Leased properties** *RMB'000*
At January 1, 2023	13,355
Additions	530
Depreciation	(5,250)
At December 31, 2023 and January 1, 2024	8,635
Additions	3,008
Depreciation	(5,428)
At December 31, 2024 and January 1, 2025	6,215
Additions	13,682
Depreciation	(5,113)
Lease termination	(1,897)
At December 31, 2025	12,887

The Company	**Leased properties** *RMB'000*
At January 1, 2023	13,334
Additions	345
Depreciation	(5,075)
At December 31, 2023 and January 1, 2024	8,604
Additions	2,826
Depreciation	(5,245)
At December 31, 2024 and January 1, 2025	6,185
Additions	13,150
Depreciation	(4,911)
Lease termination	(1,897)
At December 31, 2025	12,527

For the impairment assessment of right-of-use assets, please refer to Note 15 for more details.

(b) Lease liabilities

The Group lease properties to operate its business. These leases are typically made for fixed terms between 2 and 5 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

The carrying amounts of the Group's and the Company's lease liabilities and the movements during the Track Record Period are as follows:

The Group

	Lease liabilities in relation to leased properties
	RMB'000
At January 1, 2023	12,848
Recognition of lease liabilities	530
Lease payments during the year	(5,683)
Interest expense during the year	449
At December 31, 2023 and January 1, 2024	8,144
Recognition of lease liabilities	3,008
Lease payments during the year	(6,040)
Interest expense during the year	298
At December 31, 2024 and January 1, 2025	5,410
Recognition of lease liabilities	13,682
Lease payments during the year	(4,335)
Interest expense during the year	319
Lease termination	(2,273)
At December 31, 2025	12,803

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current	4,705	4,073	4,022
Non-current	3,439	1,337	8,781
	8,144	5,410	12,803

The Company

	Lease liabilities in relation to leased properties
	RMB'000
At January 1, 2023	12,848
Recognition of lease liabilities	345
Lease payments during the year	(5,496)
Interest expense during the year	447
At December 31, 2023 and January 1, 2024	8,144
Recognition of lease liabilities	2,826
Lease payments during the year	(5,857)
Interest expense during the year	297
At December 31, 2024 and January 1, 2025	5,410
Recognition of lease liabilities	13,150
Lease payments during the year	(4,115)
Interest expense during the year	315
Lease termination	(2,273)
At December 31, 2025	12,487

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current	4,705	4,073	3,913
Non-current	3,439	1,337	8,574
	8,144	5,410	12,487

The Group also lease properties with term of less than one year. These leases are short-term and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases. Present value of future lease payments of the leases is analyzed as follows:

The future lease payments of the Group's and the Company's leases (excluding short-term leases) were scheduled to repay as follows:

The Group

	Minimum lease payments *RMB'000*	Future interest expenses *RMB'000*	Present value *RMB'000*
As of December 31, 2023			
— within 1 year	4,950	(245)	4,705
— 1 to 2 years, inclusive	3,251	(60)	3,191
— 2 to 5 years, inclusive	253	(5)	248
— over 5 years	–	–	–
	8,454	(310)	8,144
As of December 31, 2024			
— within 1 year	4,191	(118)	4,073
— 1 to 2 years, inclusive	1,144	(30)	1,114
— 2 to 5 years, inclusive	223	–	223
— over 5 years	–	–	–
	5,558	(148)	5,410
As of December 31, 2025			
— within 1 year	4,383	(361)	4,022
— 1 to 2 years, inclusive	3,786	(222)	3,564
— 2 to 5 years, inclusive	5,221	(162)	5,059
— over 5 years	158	–	158
	13,548	(745)	12,803

The Company

	Minimum lease payments	Future interest expenses	Present value
	RMB'000	*RMB'000*	*RMB'000*
As of December 31, 2023			
— within 1 year	4,950	(245)	4,705
— 1 to 2 years, inclusive	3,251	(60)	3,191
— 2 to 5 years, inclusive	253	(5)	248
— over 5 years	–	–	–
	8,454	(310)	8,144
As of December 31, 2024			
— within 1 year	4,191	(118)	4,073
— 1 to 2 years, inclusive	1,144	(30)	1,114
— 2 to 5 years, inclusive	223	–	223
— over 5 years	–	–	–
	5,558	(148)	5,410
As of December 31, 2025			
— within 1 year	4,265	(352)	3,913
— 1 to 2 years, inclusive	3,656	(217)	3,439
— 2 to 5 years, inclusive	5,138	(161)	4,977
— over 5 years	158	–	158
	13,217	(730)	12,487

19. FINANCIAL ASSETS AT FVOCI

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Equity instrument designated at FVOCI			
— Unlisted equity investments *(Note (a))*	2,750	18,670	27,570

Note:

(a) Financial assets measured at FVOCI include the Group's strategic equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

20. DEFERRED TAX

The components of deferred tax liabilities recognized in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

The Group

	Accelerated depreciation of property, plant and equipment
	RMB'000
At January 1, 2023	40
Credit to profit or loss	(17)
At December 31, 2023 and January 1, 2024	23
Credit to profit or loss	(17)
At December 31, 2024 and January 1, 2025	6
Credit to profit or loss	(6)
At December 31, 2025	–

As of December 31, 2023, 2024 and 2025, the Group had unused tax losses of approximately RMB125,390,000, RMB299,150,000 and RMB423,574,000 respectively, available to offset against future profit. No deferred tax asset has been recognized in respect of those tax losses due to the unpredictability of future profit streams.

As of December 31, 2023, 2024 and 2025, deferred tax asset has not been recognized for the deductible temporary differences of approximately RMB53,987,000, RMB28,940,000 and RMB44,533,000 respectively.

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax liabilities	23	6	–
	23	6	–

21. INVENTORIES

(i) Inventories in the consolidated statements of financial position comprise:

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	170,171	189,889	218,799
Outsourced processing materials	18,982	15,093	9,434
Returned inventory asset	7,658	9,345	9,104
Less: inventory write-down	(31,151)	(25,697)	(58,338)
	165,660	188,630	178,999

(ii) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	366,862	351,864	483,505
Provision for impairment of obsolete inventories	29,436	22,473	48,390
Reversal of write-down of inventories	(3,347)	(27,927)	(15,749)
	392,951	346,410	516,146

Net realizable value of inventories is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

The reversal of write-down of inventories made in prior year arose due to an increase in the estimated net realizable value of certain products as a result of a change in consumer preferences.

22. TRADE RECEIVABLES

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	148,991	109,642	136,236
Less: impairment loss allowance	(7,450)	(5,917)	(6,812)
	141,541	103,725	129,424

An aging analysis of trade receivables, net of impairment losses, as of the end of reporting period, based on the invoice dates, is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	141,541	101,405	129,424
1 to 2 years	–	2,320	–
	141,541	103,725	129,424

An aging analysis of trade receivables, net of impairment losses, as of the end of reporting period, based on the due dates, is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Not past due	70,262	86,479	118,684
Within 1 year	71,279	17,246	10,740
	141,541	103,725	129,424

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	148,991	109,623	136,236
Less: impairment loss allowance	(7,450)	(5,917)	(6,812)
	141,541	103,706	129,424

An aging analysis of trade receivables, net of impairment losses, as of the end of reporting period, based on the invoice dates, is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	141,541	101,386	129,424
1 to 2 years	–	2,320	–
	141,541	103,706	129,424

An aging analysis of trade receivables, net of impairment losses, as of the end of reporting period, based on the due dates, is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Not past due	70,262	86,479	118,684
Within 1 year	71,279	17,227	10,740
	141,541	103,706	129,424

The Group and the Company recognized impairment loss based on the accounting policy stated in Note 4.10(ii). Trade receivables are generally due within 1 year from the date of billing. Further details on the Group's credit policy and credit risk analysis arising from trade receivables are set out in Note 42(a).

23. BILLS RECEIVABLES

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables, measures at FVOCI	14,634	78,255	88,644

An aging analysis of bills receivables, as of the end of reporting period, based on the invoice dates and due dates, is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	14,634	78,255	88,644
Over 1 year	–	–	–
	14,634	78,255	88,644

As of December 31, 2023, 2024 and 2025, the Group does not endorsed bill receivables to its suppliers and banks.

As of December 31, 2023, 2024, and 2025, the Group discounted undue bills receivables with recourse of nil, RMB46,103,000, and RMB74,095,000 respectively to banks to discount at a discount rate negotiated with the banks and does not derecognize these bills receivables in their entirely from consolidated statements of financial position as the Group's management considered that the risk and rewards of ownership of these undue bills have not been substantially transferred. The Group's continuous involvement in these undue bills receivables is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills.

Bills discounted to banks with full recourse	**As of 31 December,**	
	2024	**2025**
	RMB'000	*RMB'000*
Carrying amount of transferred assets	46,103	74,095
Carrying amount of associated liabilities	(46,103)	(74,095)
Net position	–	–

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Deposits	1,847	1,783	3,075
Deferred Input VAT	14,124	21,895	22,831
VAT carry forward	304	427	605
Prepaid **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments	792	16,465	23,872
Less: impairment loss allowance	(92)	(89)	(158)
	16,975	40,481	58,188
Non-current portion			
Prepayments for property, plant and equipment	2,088	1,077	2,787

The Company

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Deposits	1,788	1,724	2,989
Deferred Input VAT	14,124	21,895	22,831
VAT carry forward	158	307	477
Prepaid **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments	792	16,465	23,858
Less: impairment loss allowance	(89)	(86)	(153)
	16,773	40,305	57,965
Non-current portion			
Prepayments for property, plant and equipment	2,088	1,077	2,659

25. CASH AND CASH EQUIVALENTS

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	280,402	340,359	329,409

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	272,047	327,883	320,353

Note:

(i) Restricted cash

As of December 31, 2025, the cash and cash equivalents disclosed in the statement of financial position and the consolidated statement of cash flows include restricted bank balance of RMB117,710,000 which were frozen in connection with the Group's subscription of wealth management products from creditworthy commercial banks in the PRC. These restricted bank balance are not available for the Group's general use until the wealth management products are successfully subscribed in early January 2026.

26. TRADE PAYABLES

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	69,251	102,177	194,819

A credit period of up to 3 months, if applicable, from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade payables as at the end of reporting period is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	69,248	102,176	194,818
1–2 years	–	–	–
2–3 years	1	–	–
Over 3 years	2	1	1
	69,251	102,177	194,819

27. OTHER PAYABLES AND ACCRUALS

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs and welfare accruals	12,109	12,037	11,449
Accruals	4,869	1,215	3,329
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other tax payables	544	752	636
	17,522	14,004	17,428

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs and welfare accruals	11,320	11,111	10,882
Accruals	4,869	1,215	3,328
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other tax payables	543	550	315
	16,732	12,876	16,539

28. CONTRACT LIABILITIES

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayment received from customers	1,597	1,687	626

Movements in contract liabilities

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	4,648	1,597	1,687
Net increase in contract liabilities during the year	1,597	1,687	626
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(4,648)	(1,597)	(1,687)
At the end of the year	1,597	1,687	626

29. BORROWINGS

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Discounting of acceptance bill	–	46,103	74,095

As of December 31, 2024, and 2025, the Group discounted undue bills receivables with recourse of RMB46,103,000, and RMB74,095,000 respectively to banks to discount at a discount rate negotiated with the banks ranged from 1.3% to 2.0% for the year ended December 31, 2024, and from 1.2% to 1.9% for the year ended December 31, 2025. The discounting of acceptance bills is not secured. The Group's management considered that the risk and rewards of ownership of these undue bills have not been substantially transferred and classify it as short-term borrowings from banks until these undue bills settled within one year.

30. REFUND LIABILITIES FROM RIGHT OF RETURN

The Group and Company

	RMB'000
At January 1, 2023	2,071
Provision in the year	6,920
At December 31, 2023 and January 1, 2024	8,991
Provision in the year	473
At December 31, 2024 and January 1, 2025	9,464
Provision in the year	562
At December 31, 2025	10,026

The Group uses its accumulated historical experience to estimate the sales return using the expected value method to best predict the amount of variable consideration to which the Group will be entitled. The payment is typically due within 30–60 days.

31. REDEMPTION LIABILITIES

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redemption liabilities	691,764	914,862	–

The movements of the redemption liabilities during the Track Record Period are set out as below:

	Redemption liabilities
	RMB'000
At January 1, 2023	378,229
Issue of ordinary shares with redemption right in financing	267,000
Changes in the carrying amount of redemption liabilities	46,535
At December 31, 2023 and January 1, 2024	691,764
Issue of ordinary shares with redemption right in financing	150,000
Changes in the carrying amount of redemption liabilities	73,098
At December 31, 2024 and January 1, 2025	914,862
Changes in the carrying amount of redemption liabilities	56,579
Derecognition of redemption liabilities	(971,441)
At December 31, 2025	–

The Company and several **[REDACTED]** investors entered into a series of investment agreements during the Track Record Period.

In May 2023, the Company entered into capital contribution agreement with series **[REDACTED]** investors, pursuant to which total capital of RMB410,959 was contributed into the Company at a total consideration of RMB80 million. The consideration was fully settled as of July 11, 2023.

In September 2023, the Company entered into capital contribution agreement with series **[REDACTED]** investors, pursuant to which total capital of RMB873,288 was contributed into the Company at a total consideration of RMB187 million. The consideration was fully settled as of November 6, 2023.

In April 2024, the Company entered into capital contribution agreement with series **[REDACTED]** investors, pursuant to which total capital of RMB568,055 was contributed into the Company at a total consideration of RMB150 million. The consideration was fully settled as of May 23, 2024.

On December 5, 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 16,852,000 ordinary shares at RMB1.0 each.

Several **[REDACTED]** Investors had been granted certain special rights, including redemption rights, co-sale rights, liquidation preferences, information rights, inspection rights, veto rights, rights of first refusal, pre-emptive rights, anti-dilution rights, tag-along rights and director appointment rights in a separate investment agreement. The key terms of redemption rights are summarized as follows:

The **[REDACTED]** Investors have right to require the Company to redeem their investments if:

(a) there is a serious split within the founding team, or due to reasons attributable to the founding team the founding team is unable to reach consensus on any major business decision for more than 3 months, or

(b) a serious split occurs within the founding team resulting in any member of the founding team leaving the Company (except where the departure of such founding team member has been agreed by the current investor), or

(c) the Company still has not completed the **[REDACTED]** materials work by 31 December 2027, then the current investor shall have the right to issue a written notice to the Company (the "Repurchase Obligor"), requiring the Repurchase Obligor to repurchase all or part of the shares of the Company held by the current investor at the repurchase price.

The redemption price is the sum of 100% of the issue price, a simple interest of ten percent (10%) per annum calculated on a 365 day per year basis from the issue date through the date on which the redemption price has been paid in full, and any declared but unpaid dividends.

Pursuant to the termination agreements dated August 31, 2025 and September 15, 2025 entered into between, among others, the Company, several **[REDACTED]** investors and the controlling shareholders of the Company, (i) the repurchase rights granted to the **[REDACTED]** investors under the shareholders' agreements have been terminated prior to the first submission of the **[REDACTED]** to the Stock Exchange for the purpose of the **[REDACTED]**.

Presentation and classification

The redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments. These obligations were recognised as redemption liabilities which are initially measured at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the **[REDACTED]** investors) and subsequently measured at amortised cost. Interests from the redemption liabilities are charged in profit or loss.

32. DEFERRED INCOME

The Group and Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	239	3,444	3,330

Government grants related to assets and industrial development were obtained by the Group for the purpose of purchasing long-term assets associated with research and development activities and business development.

33. SHARE INCENTIVE SCHEME

In recognition of the contributions of co-founders of the Company, directors, senior management and employees of the Company (the "**Participants**") and to incentivize them to further promote the Company's development, Shanghai Ruishixin Information Technology Partnership (Limited Partnership) ("**Ruishixin**"), Shanghai Xiujun Information Technology Partnership (Limited Partnership) ("**Shanghai Xiujun**"), Shanghai Yanding Information Technology Partnership (Limited Partnership) ("**Shanghai Yanding**") and Shanghai Yuhengxin Information Technology Partnership (Limited Partnership) ("**Shanghai Yuhengxin**") were established as a limited partnership as employee shareholding platform to hold underlying incentive shares. The source of the underlying incentive shares (share of the Company) shall be ordinary shares of the Company held by Ruishixin, Shanghai Xiujun, Shanghai Yanding, Shanghai Yuhengxin. After the shares transfer is completed, the participants of share incentive scheme will indirectly hold the shareholding of the Company through employee shareholding platform. Each of Ruishixin, Shanghai Xiujun and Shanghai Yanding is governed by the 2021 Share Incentive Scheme, while Shanghai Yuhengxin is governed by the 2025 Share Incentive Scheme.

2021 Share Incentive Scheme — Restricted Shares

The 2021 Share Incentive Scheme was adopted on November 26, 2021 for the purpose of rewarding and motivating, among the Participants with the shares of the Company.

On November 29, 2021, the Company granted 348,997 restricted shares to the 3 qualified employees and the exercise price was RMB10.83 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years and 5 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 100% or 20%, 20%, 20%, 20% and 20% of the restricted shares will be vested respectively.

On November 1, 2022, the Company granted 57,899 restricted shares to 14 qualified employees and the exercise price was ranged from RMB1 to RMB18.06 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years and 5 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 20%, 20%, 20%, 20% and 20% of the restricted shares will be vested respectively.

On December 15, 2022, the Company granted 2,977 restricted shares to 3 qualified employees and the exercise price was ranged from RMB10.83 to RMB18.05 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years and 5 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 20%, 20%, 20%, 20% and 20% of the restricted shares will be vested respectively.

On September 1, 2023, the Company granted 113,731 restricted shares to 19 qualified employees and the exercise price was ranged from RMB3.51 to RMB23.44 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years and 5 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 20%, 20%, 20%, 20% and 20% of the restricted shares will be vested respectively.

On December 25, 2023, the Company granted 49,500 restricted shares to 3 qualified employees and the exercise price was ranged from RMB56.23 to RMB56.25 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years, 5 years and 6 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 16.7%, 16.7%, 16.7%, 16.7%, 16.7% and 16.5% of the restricted shares will be vested respectively.

On March 1, 2024, the Company granted 22,197 restricted shares to 7 qualified employees and the exercise price was ranged from RMB3.51 to RMB23.43 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years, 5 years and 6 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 16.7%, 16.7%, 16.7%, 16.7%, 16.7% and 16.5% of the restricted shares will be vested respectively.

2025 Share Incentive Scheme — Restricted Shares

The 2025 Share Incentive Scheme was adopted on July 21, 2025 for the purpose of strengthening the sense of responsibility and mission among the Participants, promote stable growth, and support the Company's long-term strategic goals.

On July 21, 2025, the Company granted 96,875 restricted shares to 11 qualified employees and the exercise price was ranged from RMB3.51 to RMB56.25 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, 4 years, 5 years and 6 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 16.7%, 16.7%, 16.7%, 16.7%, 16.7% and 16.5% of the restricted shares will be vested respectively.

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

	Number of restricted shares granted *(thousand)*
Outstanding as of January 1, 2023	67
Granted during the year	163
Vested during the year	(14)
Outstanding as of December 31, 2023 and January 1, 2024	216
Granted during the year	22
Vested during the year	(45)
Outstanding as of December 31, 2024 and January 1, 2025	193
Granted during the year	97
Forfeited during the year	(7)
Vested during the year	(41)
Outstanding as of December 31, 2025	242

2021 Share Incentive Scheme — Shares Options

The 2021 Share Incentive Scheme was adopted on November 26, 2021 for the purpose of rewarding and motivating, among the Participants with the shares of the Company.

On November 26, 2021, the Company granted 246,710 share options to 14 incentive participants on the grant date. This scheme is equity-settled share-based payments with exercise price of range from RMB1 to RMB10.83 per share. Under this scheme, the share options are vested based on the performance conditions.

The share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 40% of granted options are vested on the first anniversary from the vesting commencement; ii) 60% of granted options are vested on the second anniversary from the vesting commencement date.

The number of share options granted to the Group's incentive participants is summarized as follows:

	Number of share option granted *(thousand)*
At January 1, 2023, December 31, 2023, December 31, 2024 and December 31, 2025	148

The estimated fair value of the underlying incentive shares awarded on the grant date was determined by using market approach with reference to financial ratios of comparable entities. Changes in variables and assumptions may result in changes in the fair values of the share awards.

Under the share incentive scheme, share-based payment of RMB20,809,000, RMB12,588,000 and RMB9,864,000 was recognized in the consolidated statements of profit or loss and other comprehensive income, with a corresponding credit to the equity, for the years ended December 31, 2023, 2024 and 2025, respectively.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses as set out in Note 10.

34. SHARE CAPITAL

The Group and Company

All shares issued by the Company are fully paid domestic shares. The par value is RMB1.00. The Company's number of shares issued and their nominal value are as follows:

	Number of shares *'000*	**Share capital** *RMB'000*
Authorized, issued and fully paid:		
As of January 1, 2023, December 31, 2023 and 1 January 2024	–	–
Effect of converting the Company into a joint stock company *(Note a)*	16,852	16,852
As of December 31, 2024 and January 1, 2025	16,852	16,852
Issue of ordinary shares *(Note e)*	190	190
As of December 31, 2025	17,042	17,042

	Paid-in share capital *RMB'000*
Issued and fully paid:	
As of January 1, 2023	4,867
Injection from shareholders *(Note b)*	1,284
Transfer of share premium *(Note c)*	10,133
As of December 31, 2023 and January 1, 2024	16,284
Capital injection from shareholders *(Note d)*	568
Effect of converting the Company into a joint stock company *(Note a)*	(16,852)
As of December 31, 2024, January 1, 2025 and December 31, 2025	–

Note:

(a) On December 5, 2024, the Company was converted into a joint stock company with limited liability, converting the total registered capital of RMB16,852,000 into 16,852,000 shares with a nominal value of RMB1.0 each, which were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.

(b) In May 2023, the Company and investors entered into a capital increase agreement, pursuant to which Yibin Lvneng Equity Investment Partnership (Limited Partnership), Gongqingcheng Haiyao Venture Capital Partnership (Limited Partnership) and Ningbo Meishan Bonded Port Area Thriving Capital Partnership (Limited Partnership) agreed to subscribe a total of RMB410,959 registered capital of the Company for an aggregate consideration of RMB80,000,000.

In September 2023, the Company and investors entered into a registered capital increase agreement, pursuant to which the new investors agreed to subscribe an aggregate of RMB873,288 registered capital of the Company at a total consideration of RMB187,000,000.

From May 2023 to September 2023, capital totaling RMB267,000,000 was injected into the Company by investors with approximately RMB1,284,000 and RMB265,716,000 credited to the Company's share capital and share premium, respectively.

(c) In January 2023, the registered capital of the Company was increased from approximately RMB4.9 million to RMB15.0 million. The additional registered capital of approximately RMB10.1 million was converted from the Company's share premium to share capital and the percentage of equity interest of each shareholder in the Company remained the same.

(d) In April 2024, the Company and investors entered into a registered capital increase agreement, pursuant to which Everest No.79 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership), Everest No.80 (Shenzhen) Venture Capital Center (Limited Partnership), Everest No.81 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership), Everest No.82 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership) and Everest No.83 (Shenzhen) Private Venture Capital Fund Partnership (Limited Partnership) agreed to subscribe an aggregate of RMB568,055 registered capital of the Company at a total consideration of RMB150.0 million. Capital totaling RMB150,000,000 was injected into the Company by investors with approximately RMB568,000 and RMB149,432,000 credited to the Company's share capital and share premium, respectively.

(e) In August 2025, Shanghai Lumi Tracing Julian Hard Technology Venture Capital Partnership (Limited Partnership ("**Shanghai Lumi Tracing**") and all 44 of the Company's shareholders entered into a capital increase agreement, pursuant to which Shanghai Lumi Tracing agreed to subscribe 189,352 ordinary shares of the Company at a total consideration of RMB50.0 million. Capital totaling RMB50,000,000 was injected into the Company by investors with approximately RMB189,000 and RMB49,811,000 credited to the Company's share capital and share premium, respectively.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended December 31, 2023, 2024 and 2025 are presented in the consolidated statements of changes in equity of this report.

Summary to the Company's reserve is as follows:

	Share premium*	**Capital reserve***	**FVOCI reserve***	**Other reserve***	**Accumulated losses***	**Total deficit**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (d))*	*(Note (e))*	
Balance at January 1, 2023	359,133	184,276	–	(351,000)	(224,673)	(32,264)
Loss for the year	–	–	–	–	(146,304)	(146,304)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	750	–	–	750
Total comprehensive income for the year	–	–	750	–	(146,304)	(145,554)
Equity-settled shared-based transactions *(Note 33)*	–	20,808	–	–	–	20,808
Capital injection from shareholders	265,716	–	–	–	–	265,716
Transfer of share premium	(10,133)	–	–	–	–	(10,133)
Recognition of redemption liabilities *(Note 31)*	–	–	–	(267,000)	–	(267,000)
Balance at December 31, 2023	614,716	205,084	750	(618,000)	(370,977)	(168,427)

	Share premium* RMB'000 (Note (a))	Capital reserve* RMB'000 (Note (b))	FVOCI reserve* RMB'000 (Note (c))	Other reserve* RMB'000 (Note (d))	Accumulated losses* RMB'000 (Note (e))	Total (deficit)/ equity RMB'000
Balance at January 1, 2024	614,716	205,084	750	(618,000)	(370,977)	(168,427)
Loss for the year	–	–	–	–	(186,537)	(186,537)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	15,920	–	–	15,920
Total comprehensive income for the year	–	–	15,920	–	(186,537)	(170,617)
Equity-settled shared-based transactions *(Note 33)*	–	12,588	–	–	–	12,588
Capital injection from shareholders	149,432	–	–	–	–	149,432
Recognition of redemption liabilities *(Note 31)*	–	–	–	(150,000)	–	(150,000)
Balance at December 31, 2024 and January 1, 2025	764,148	217,672	16,670	(768,000)	(557,514)	(327,024)
Loss for the year	–	–	–	–	(207,258)	(207,258)
Changes in fair value of financial assets of FVOCI, net of tax	–	–	8,900	–	–	8,900
Total comprehensive income for the year	–	–	8,900	–	(207,258)	(198,358)
Equity-settled shared-based transactions *(Note 33)*	–	9,863	–	–	–	9,863
Issue of ordinary shares	49,810	–	–	–	–	49,810
Derecognition of redemption liabilities *(Note 31)*	–	–	–	971,441	–	971,441
Balance at December 31, 2025	813,958	227,535	25,570	203,441	(764,772)	505,732

* These reserve accounts comprise the reserves as of December 31, 2023, 2024 and 2025 in the Company's statements of financial position.

(a) Share premium

Share premium represents the excess of issuing price over the nominal values of paid-in capital and ordinary shares, after deducting **[REDACTED]** and **[REDACTED]** pursuant to **[REDACTED]** that have been charged to equity, if any.

(b) Capital reserve

The capital reserve comprises the portion of the grant date fair value of unvested restricted shares and share options granted to employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 4.13(v).

(c) FVOCI reserve

FVOCI reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of reporting period.

(d) Other reserve

Other reserve comprises the recognition and derecognition of the redemption liabilities as set out in Note 31.

(e) Accumulated losses

Cumulative net gains and losses recognized in profit or loss.

36. AMOUNT DUE TO A SUBSIDIARY

As of December 31, 2023, 2024 and 2025, the balances are unsecured, interest-free and repayable on demand.

37. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below shows the details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows from financing activities.

	Interest payable included in other payable	**Lease liabilities**	**Borrowings**	**Redemption liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 18(b))	*(Note 29)*	*(Note 31)*	
At January 1, 2023	–	12,848	–	378,229	391,077
Changes from financing cash flows:					
Repayment	–	(5,234)	–	–	(5,234)
Interest paid	–	(449)	–	–	(449)
Proceeds from shares issued with redemption rights	–	–	–	267,000	267,000
Total changes from financing cash flows	–	(5,683)	–	267,000	261,317
Other changes:					
Interest expenses	–	449	–	–	449
Recognition of lease liabilities	–	530	–	–	530
Changes in the carrying amount of redemption liabilities	–	–	–	46,535	46,535
Total other changes	–	979	–	46,555	47,514

	Interest payable included in other payable *RMB'000*	Lease liabilities *RMB'000* *(Note 18(b))*	Borrowings *RMB'000* *(Note 29)*	Redemption liabilities *RMB'000* *(Note 31)*	Total *RMB'000*
At December 31, 2023 and January 1, 2024	–	8,144	–	691,764	699,908
Changes from financing cash flows:					
Repayment	–	(5,742)	–	–	(5,742)
Interest paid	(229)	(298)	–	–	(527)
Proceeds from borrowings	–	–	46,103	–	46,103
Proceeds from shares issued with redemption rights	–	–	–	150,000	150,000
Total changes from financing cash flows	(229)	(6,040)	46,103	150,000	189,834
Other changes:					
Interest expenses	229	298	–	–	527
Recognition of lease liabilities	–	3,008	–	–	3,008
Changes in the carrying amount of redemption liabilities	–	–	–	73,098	73,098
Total other changes	229	3,306	–	73,098	76,633
At December 31, 2024 and January 1, 2025	–	5,410	46,103	914,862	966,375
Changes from financing cash flows:					
Repayment	–	(4,016)	–	–	(4,016)
Interest paid	(926)	(319)	–	–	(1,245)
Proceeds from borrowings	–	–	74,095	–	74,095
Repayment of borrowings	–	–	(46,103)	–	(46,103)
Total changes from financing cash flows	(926)	(4,335)	27,992	–	22,731
Other changes:					
Interest expenses	926	319	–	–	1,245
Lease termination	–	(2,273)	–	–	(2,273)
Recognition of lease liabilities	–	13,682	–	–	13,682
Derecognition of redemption liabilities	–	–	–	(971,441)	(971,441)
Changes in the carrying amount of redemption liabilities	–	–	–	56,579	56,579
Total other changes	926	11,728	–	(914,862)	(902,208)
At December 31, 2025	–	12,803	74,095	–	86,898

38. CAPITAL COMMITMENTS

The Group

As of December 31, 2023, 2024 and 2025, the Group had no material outstanding capital commitments.

The Company

As of December 31, 2023, 2024 and 2025, the Company had no material outstanding capital commitments.

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group during the Track Record Period represented the directors' emoluments as disclosed in Note 14(a) to the Historical Financial Information.

40. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital deficiency as of December 31, 2023 and 2024 amounted to approximately RMB143,663,000 and RMB299,069,000 respectively, and the amount of capital as at December 31, 2025 amounted to approximately RMB534,250,000, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group

The following table shows the carrying amounts of financial assets and liabilities of the Group:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	423,698	445,778	461,750
Financial assets at FVOCI	17,384	96,925	116,214
Financial liabilities			
Financial liabilities measured at amortized cost	795,128	1,091,268	306,853

The Company

The following table shows the carrying amounts of financial assets and liabilities of the Company:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	415,287	433,227	452,613
Financial assets at FVOCI	17,384	96,925	116,214
Financial liabilities			
Financial liabilities measured at amortized cost	794,418	1,090,557	311,674

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk, liquidity risk and foreign currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, deposits and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As of December 31, 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 24.8%, 17.6% and 33.5% of the Group's trade receivables were due from the Group's largest debtor respectively and 57.6%, 54.0% and 60.4% of the Group's trade receivables were due from the Group's five largest debtors respectively.

(i) Trade receivables

The Group

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group and the Company's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Not past due	Within 1 year	Total
At December 31, 2023			
Expected loss rate *(%)*	5.0	5.0	5.0
Gross carrying amount *(RMB'000)*	73,960	75,031	148,991
Loss allowance *(RMB'000)*	3,698	3,752	7,450
At December 31, 2024			
Expected loss rate *(%)*	5.0	7.3	5.4
Gross carrying amount *(RMB'000)*	91,031	18,611	109,642
Loss allowance *(RMB'000)*	4,552	1,365	5,917
At December 31, 2025			
Expected loss rate *(%)*	5.0	5.0	5.0
Gross carrying amount *(RMB'000)*	124,930	11,306	136,236
Loss allowance *(RMB'000)*	6,246	566	6,812

The management determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account historical information and forward-looking information.

As at the end of each reporting period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, the Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout Track Record Period.

Movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,172	7,450	5,917
Provision for loss allowance	4,501	1	1,163
Reversal of impairment	–	(1,534)	(1)
Write-off	(223)	–	(267)
At the end of the year	7,450	5,917	6,812

The Company

	Not past due	Within 1 year	Total
At December 31, 2023			
Expected loss rate *(%)*	5.0	5.0	5.0
Gross carrying amount *(RMB'000)*	73,960	75,031	148,991
Loss allowance *(RMB'000)*	3,698	3,752	7,450
At December 31, 2024			
Expected loss rate *(%)*	5.0	7.3	5.4
Gross carrying amount *(RMB'000)*	91,031	18,592	109,623
Loss allowance *(RMB'000)*	4,552	1,365	5,917
At December 31, 2025			
Expected loss rate *(%)*	5.0	5.0	5.0
Gross carrying amount *(RMB'000)*	124,930	11,306	136,236
Loss allowance *(RMB'000)*	6,246	566	6,812

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,172	7,450	5,917
Provision for loss allowance	4,501	1	1,162
Reversal of impairment	–	(1,534)	–
Write-off	(223)	–	(267)
At the end of the year	7,450	5,917	6,812

(ii) Deposits and other receivables

In respect of deposits and other receivables, the Group has applied the general approach prescribed by IFRS 9, by measuring loss allowance at an amount equal to 12-month ECLs for deposits and other receivables. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of reporting period, all deposits and other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The following table provides information about the Group and the Company's exposure to credit risk and ECLs for deposits and other receivables:

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount — Deposits	1,847	1,783	3,075
Loss allowance — Deposits	92	89	158

Movements in the loss allowance account for impairment of deposits and other receivables during the Track Record Period are as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	102	92	89
(Reversal of)/provision for loss allowance	(10)	(3)	69
At the end of the year	92	89	158

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount — Deposits	1,788	1,724	2,989
Loss allowance — Deposits	89	86	153

Movements in the loss allowance account for impairment of deposits and other receivables during the Track Record Period are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	99	89	86
(Reversal of)/provision for loss allowance	(10)	(3)	67
At the end of the year	89	86	153

(iii) Cash and cash equivalents

In respect of the Group's and the Company's cash and cash equivalents, the directors of the Company consider the probability of default is low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of reporting period.

The Group

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade payables	69,251	69,251	69,251	–	–	–
Other payables and accruals	16,978	16,978	16,978	–	–	–
Refund liabilities from right of return	8,991	8,991	8,991	–	–	–
Lease liabilities	8,144	8,454	4,950	3,251	253	–
Redemption liabilities	691,764	691,764	691,764	–	–	–
	795,128	795,438	791,934	3,251	253	–

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2024						
Trade payables	102,177	102,177	102,177	–	–	–
Other payables and accruals	13,252	13,252	13,252	–	–	–
Refund liabilities from right of return	9,464	9,464	9,464	–	–	–
Borrowings	46,103	46,103	46,103	–	–	–
Lease liabilities	5,410	5,558	4,191	1,144	223	–
Redemption liabilities	914,862	914,862	914,862	–	–	–
	1,091,268	1,091,416	1,090,049	1,144	223	–

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2025						
Trade payables	194,819	194,819	194,819	–	–	–
Other payables and accruals	15,110	15,110	15,110	–	–	–
Refund liabilities from right of return	10,026	10,026	10,026	–	–	–
Borrowings	74,095	74,095	74,095	–	–	–
Lease liabilities	12,803	13,548	4,383	3,786	5,221	158
	306,853	307,598	298,433	3,786	5,221	158

The Company

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade payables	69,251	69,251	69,251	–	–	–
Other payables and accruals	16,268	16,268	16,268	–	–	–
Refund liabilities from right of return	8,991	8,991	8,991	–	–	–
Lease liabilities	8,144	8,454	4,950	3,251	253	–
Redemption liabilities	691,764	691,764	691,764	–	–	–
	794,418	794,728	791,224	3,251	253	–

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2024						
Trade payables	102,177	102,177	102,177	–	–	–
Other payables and accruals	12,541	12,541	12,541	–	–	–
Refund liabilities from right of return	9,464	9,464	9,464	–	–	–
Borrowings	46,103	46,103	46,103	–	–	–
Lease liabilities	5,410	5,558	4,191	1,144	223	–
Redemption liabilities	914,862	914,862	914,862	–	–	–
	1,090,557	1,090,705	1,089,338	1,144	223	–

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2025						
Trade payables	194,819	194,819	194,819	–	–	–
Other payables and accruals	14,629	14,629	14,629	–	–	–
Refund liabilities from right of return	10,026	10,026	10,026	–	–	–
Borrowings	74,095	74,095	74,095	–	–	–
Lease liabilities	12,487	13,217	4,265	3,656	5,138	158
Amounts due to subsidiaries	5,618	5,618	5,618	–	–	–
	311,674	312,404	303,452	3,656	5,138	158

(c) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk to the Group is minimal as most of the Group's transactions are carried out in functional currency of the respective entities.

All subsidiaries of the Company operate in PRC and business of subsidiaries is mainly in PRC. The Group is not exposed to currency risk primarily through financial assets and financial liabilities that are denominated in a currency other than the functional currency of the several subsidiaries of the Company to which they relate.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(d) Interest rate risk

The Group's exposure to interest rate risk is insignificant as all borrowings carry fixed interest rates and the Group does not have other significant interest-bearing assets or liabilities. Accordingly, no sensitivity analysis for interest rate risk is presented.

43. FAIR VALUE MEASUREMENTS

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortized cost recognized in the Historical Financial Information approximate to their fair values at each reporting period end.

Fair value measurements recognized in the consolidated statements of financial position.

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the inputs are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

	Year ended December 31,		
	Bill receivables at FVOCI	**Financial assets at FVTPL**	**Equity instrument designated at FVOCI**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	14,527	–	–
Addition	14,634	520,000	2,000
Disposal	(14,527)	(520,747)	–
Fair value gain	–	747	750
At December 31, 2023 and January 1, 2024	14,634	–	2,750
Addition	78,255	905,000	2,000
Disposal	(14,634)	(908,335)	–
Fair value gain	–	3,335	15,920
At December 31, 2024 and January 1, 2025	78,255	–	18,670
Addition	88,644	675,120	–
Disposal	(78,255)	(678,947)	–
Fair value gain	–	3,827	8,900
At December 31, 2025	88,644	–	27,570

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

	Fair value at December 31, 2023	2024	2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equity investments at FVOCI:							
Unlisted equity investments	2,750	18,670	27,570	Level 3	Market multiples with an adjustment of discount for lack of marketability	Discount for lack of Marketability	The higher the discount for lack of marketability, the lower the valuation. If the discount for lack of marketability had increased/decreased by 10% with all other variables held constant, the fair value at the years ended December 31, 2023, 2024 and 2025 would have decreased/ increased by RMB730,000, RMB850,000 and RMB1,160,000 respectively
					Latest transaction prices/consideration for shares transfer in similar equity interest	Consideration due to timing, condition of sale and terms of agreement, size and nature of similar business to derive estimated value	The higher the value of similar transactions, the higher the valuation
Bill receivables at FVOCI	14,634	78,255	88,644	Level 3	Discounted cash flows — Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying Assets	N/A	N/A

44. CONTINGENCIES

As of December 31, 2023, 2024 and 2025, there were no significant contingencies items for the Group and the Company.

45. EVENTS AFTER THE END OF THE TRACK RECORD PERIOD

There is no significant non-adjusting event after the Track Record Period.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company or any of the companies comprising the Group in respect of any period subsequent to December 31, 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1. TAXATION OF SECURITIES HOLDERS

The income tax and capital gains tax applicable to holders of H Shares are determined in accordance with the laws and practices of the PRC and those of the jurisdiction where any holder of our H Shares is considered as a resident or is otherwise subject to taxation. The following summary of certain provisions of relevant taxes is based on the current laws and practices and may be subject to change. It does not constitute legal or tax advice. This discussion does not intend to address all possible tax implications arising from an investment in H Shares, nor does it consider the specific circumstances of any individual investors, which may be subject to special rules in certain respects. Accordingly, you are advised to seek the advice of a tax advisor regarding the tax consequences of investing in H Shares. The discussion is based on the laws and relevant interpretations in effect as of the date of this document, which may be subject to change and may have retrospective effect.

This discussion only covers tax matters in the PRC and Hong Kong related to income tax, capital tax, stamp duty, and estate duty. Prospective investors are advised to consult with their financial advisors to fully understand the tax implications of owning and disposing of H Shares in the PRC and Hong Kong, as well as any other relevant considerations.

Taxation on Dividend

- ***Individual Investors***

In accordance with the Individual Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國個人所得稅法 (2018修正)》) (the "**IIT Law**"), which was last revised on August 31, 2018, and effective from January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國個人所得稅法實施條例 (2018修訂)》) , most recently amended on December 18, 2018, and effective from January 1, 2019, dividends distributed by enterprises in PRC are generally subject to a 20% individual income tax. For foreign individuals who are not tax residents of the PRC, dividend income received from a PRC enterprise is typically taxed at a flat rate of 20%, unless a specific exemption is granted by the State Council's tax authority or a lower rate applies under a relevant tax treaty.

According to the Notice of the Ministry of Finance, the State Administration of Taxation and the PRC Securities Regulatory Commission on Issues Related to the Differential Personal Income Tax Policy for Dividends and Bonuses of Listed Companies (《財政部、國家稅務總局、證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance (the "**MOF**"), the State Taxation Administration (the "**SAT**"), and the PRC Securities Regulatory Commission (the "**CSRC**") on September 7, 2015, for individuals who obtain listed company shares from the public issuance or transfer market, dividends received from shares held for more than 1 year are temporarily exempt from personal income tax; dividends received from shares held for a period of 1 month or less (including 1 month) are fully included in the taxable income; dividends received from shares held for a period of more than 1 month but up to 1 year (including 1 year) are included in the taxable income at 50%; the above-mentioned income is subject to personal income tax at a uniform rate of 20%.

According to the Circular of the MOF and the SAT on Certain Issues Concerning the Policies of Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), which was jointly promulgated by the MOF and the SAT on May 13, 1994, overseas individuals are not required to pay individual income tax on dividends or bonuses received from foreign-invested enterprises. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council Approving and Forwarding Certain Opinions of the Development and Reform Commission and Other Departments on Deepening the Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on the Key Work Division for Deepening the Reform of the Income Distribution System (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to the above two documents, the PRC government plans to cancel the tax exemption for dividends received by foreign individuals from foreign-invested enterprises, and the MOF and the SAT are responsible for formulating and implementing the details of the plan. However, the MOF and the SAT have not yet formulated relevant implementation regulations or rules.

According to the Notice of the SAT on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

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

- ***Enterprise Investors***

According to the Enterprise Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國企業所得稅法 (2018修正)》) (the "**EIT Law**") which was latest amended by the Standing Committee of the National People's Congress (the "**SCNPC**") and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (2024 Revision) (《中華人民共和國企業所得稅法實施條例 (2024修訂)》) promulgated by the State Council on December 6, 2007, and was last amended on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation. Notice of the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was promulgated by the SAT and came into effect on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Reply of the SAT on the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) issued on July 24, 2009, further provides that any PRC resident enterprise listed on any overseas stock exchange must withhold EIT at a rate of 10% on dividends distributed to non-PRC resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that PRC has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol issued by the SAT and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Furthermore, the implementation of dividend provisions under tax treaties must comply with the provisions of relevant PRC tax legislation, including the Notice of the SAT on the Implementation of the Dividend Provisions under Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

- ***Tax Treaties***

Non-PRC resident investors who are residents of countries that have signed agreements to avoid double taxation with the PRC are eligible for reduced withholding tax rates on dividends received from PRC enterprises. The PRC currently has entered into agreements or arrangements to avoid double taxation with various countries and regions, including but not limited to the Hong Kong, Macao, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Under the relevant income tax treaties or arrangements, non-PRC resident enterprises entitled to preferential tax rates shall apply to the PRC tax authorities for a refund of any withholding tax paid in excess of the treaty rate. Such refunds are subject to approval by the PRC tax authorities.

Taxation on Share Transfer

- ***Value-Added Tax and Local Surcharges***

Pursuant to the Notice of the MOF and the SAT on the Comprehensive Implementation of the Pilot Transition from Business Tax to Value-Added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**"), which was effective from May 1, 2016, and was subsequently amended on July 11, 2017, December 25, 2017 and March 20, 2019, entities and individuals engaged in the provision of sales services within the PRC are subject to Value-Added Tax (the "**VAT**"). Those who "engaged in the provision of sales services within the PRC" refers to either the sellers or the buyers of taxable services who are located within the PRC. Circular 36 further stipulates that, for general or foreign VAT taxpayers, the transfer of financial products (including the transfer of ownership of marketable securities) is subject to VAT at a rate of 6% on the taxable income (i.e., the difference between the sale price and the purchase price). However, individuals transferring financial products are exempt from VAT.

Under these regulations, if the shareholder is a non-resident individual, the sale or disposal of H Shares is exempt from VAT in the PRC. If the shareholder is a non-resident enterprise and the buyer of the H Shares is an individual or entity located outside the PRC, the shareholder is not required to pay VAT. However, if the buyer of the H Shares is an individual or entity located within the PRC, the shareholder is subject to VAT. Given that there is no clear regulation explicitly defining whether a non-PRC resident enterprise is required to pay VAT on the sale of H Shares, the interpretation and application of the aforementioned rules remain uncertain.

In addition, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharges, and local education surcharges (collectively, the "**Local Surcharges**"), which are typically 12% of the VAT payable, if any.

Income Tax

- ***Individual Investors***

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular of the MOF and the SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax.

On December 31, 2009, the Circular of the MOF, the SAT and the CSRC Commission on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the MOF, the SAT and the CSRC Commission on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

- ***Enterprise Investors***

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

- ***Tax Policy on Shanghai-Hong Kong Stock Connect***

On October 31, 2014, the Circular of the MOF, the SAT, and the CSRC Commission on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "**Shanghai-Hong Kong Stock Connect Taxation Policy**"). According to the Shanghai-Hong Kong Stock Connect Tax Policy, for mainland enterprise investors who obtain transfer price gains through Shanghai-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the gains are included in their total income and enterprise income tax is levied in accordance with the law. For mainland enterprise investors who obtain dividend and bonus income through Shanghai-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the income is included in their total income and enterprise income tax is levied in accordance with the law. Among them, dividend and bonus income obtained by mainland resident enterprises holding H-shares continuously for 12 months is exempt from enterprise income tax. For dividend and bonus income obtained by mainland enterprise investors, H-share companies do not withhold dividend and bonus income tax for mainland enterprise investors. The taxable amount shall be declared and paid by the enterprise itself.

For dividend and bonus income obtained by mainland individual investors through Shanghai-Hong Kong Stock Connect when investing in H-shares listed on the Hong Kong Stock Exchange, H-share companies should apply to PRC Securities Depository and Clearing Corporation Limited (the "**PRC Clearing**") for the mainland individual investor list provided by PRC Clearing, and H-share companies shall withhold personal income tax at a rate of 20%.

Pursuant to the Announcement of the MOF, the SAT, and the CSRC Commission on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of PRC and the Hong Kong Special Administrative Region (《財政部、稅務總局、中國證監會關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) issued on August 21, 2023 and effective on the same date, the transfer spread income derived by domestic individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax to December 31, 2027.

- ***Tax Policy on Shenzhen-Hong Kong Stock Connect***

On November 5, 2016, the Notice by the MOF, the SAT, and the CSRC Commission on Tax Policies for the Pilot Program of Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "**Shenzhen-Hong Kong Stock Connect Taxation Policy**"). According to the Shenzhen-Hong Kong Stock Connect Tax Policy, for mainland enterprise investors who obtain transfer price gains through Shenzhen-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the gains are included in their total income and enterprise income tax is levied in accordance with the law. For mainland enterprise investors who obtain dividend and bonus income through Shenzhen-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the income is included in their total income and enterprise income tax is levied in accordance with the law. Among them, dividend and bonus income obtained by mainland resident enterprises holding H-shares continuously for 12 months is exempt from enterprise income tax in accordance with the law. For dividend and bonus income obtained by mainland enterprise investors, H-share companies do not withhold dividend and bonus income tax on behalf of mainland enterprise investors. The taxable amount shall be declared and paid by the enterprise itself.

For dividend and bonus income obtained by mainland individual investors through Shenzhen-Hong Kong Stock Connect when investing in H-shares listed on the Hong Kong Stock Exchange, H-share companies shall submit an application to PRC Clearing which will provide the H-share company with a register of mainland individual investors, and H-share companies shall withhold personal income tax at a rate of 20%.

Pursuant to the Announcement of the MOF, the SAT, and the CSRC Commission on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《財政部、國家稅務總局、證監會關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and effective on the same date, the transfer spread income derived by domestic individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax to December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued on June 10, 2021 and effective from July 1, 2022, the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside PRC, shall be subject to the stamp duty. Accordingly, the provisions on the imposition of stamp duty on the transfer of shares in companies listed in the PRC do not apply to non-PRC investors who purchase or sell H Shares outside of the PRC.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Under the EIT Law, resident enterprises are subject to enterprise income tax (the "**EIT**") at a rate of 25% on their worldwide income, including income derived from both domestic and overseas sources. Foreign-invested enterprises (the "**FIEs**") operating in PRC are classified as resident enterprises and are therefore required to pay EIT at the standard rate of 25% on their global income.

In accordance with the EIT Law, high and new technology enterprises (the "**HNTE**") benefit from a reduced EIT rate of 15%. As stipulated in the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated on April 14, 2008, and last amended on January 29, 2016, an HNTE certificate is valid for 3 years and may be renewed upon successful inspection and approval by the SAT and other relevant authorities.

Value-added Tax

According to the Circular 36, the pilot scheme for the conversion of business tax to VAT is implemented nationwide with the approval of the State Council.

According to the Circular of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), promulgated on April 4, 2018, and became effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement of the MOF, the SAT and the General Administration of Customs on Relevant Policies for Deepening VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), promulgated on March 20, 2019 and became effective on April 1, 2019, and last amended on August 22, 2025, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

According to the VAT Law of the PRC (《中華人民共和國增值稅法》), which was adopted at the 13th Meeting of the SCNPC on December 25, 2024 and came into effect on January 1, 2026, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on VAT (2011 Revision) (《中華人民共和國土地增值稅暫行條例(2011修訂) 》) last amended by the MOF on October 28, 2011 and effective on November 1, 2011, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of VAT and shall pay VAT. Unless otherwise provided, the import tax rate for the sales of goods, processing, repair and maintenance services, leasing services of tangible movables and imports of goods is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

3. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is still subject to foreign exchange control and is not freely exchangeable. The State Administration of Foreign Exchange (the "**SAFE**"), under the authorization of the People's Bank of PRC (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the Foreign Exchange Administration Regulations of the PRC (2008 Revision) (《中華人民共和國外匯管理條例 (2008修訂)》) (the "**Foreign Exchange Regulations**") which became effective on April 1, 1996 and was last amended on August 5, 2008. The latest Foreign Exchange Regulations clearly state that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the ''**Settlement Regulations**''), which became effective on July 1, 1996. The Settlement Regulations abolish the remaining restrictions on foreign exchange conversion for recurrent items, while retaining the existing restrictions on foreign exchange transactions for capital items.

According to the Announcement of the PBOC on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》), issued on July 21, 2005, with effect from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the inter-bank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws in the PRC, Chinese enterprises (including foreign-invested enterprises) that require foreign exchange for current item transactions may, without the approval of the SAFE, effect payment through their foreign exchange accounts at designated foreign exchange banks, on the strength of valid receipts and proof. Foreign-invested enterprises that require foreign exchange for the distribution of profits to their shareholders, and PRC enterprises that are required by regulations to pay dividends to their shareholders in foreign exchange (such as the Company), may, on the strength of resolutions of the board of directors or shareholders on the distribution of profits, effect payment from their foreign exchange accounts or effect exchange and payment at designated banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters Including Cancellation and Adjustment of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》), cancelling the approval requirement of the SAFE and its branches for the repatriation and settlement of proceeds raised through overseas listings.

On February 13, 2015, the SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which became effective on June 1, 2015 and was amended on December 30, 2019. The Notice abolished the confirmation requirements for foreign exchange registration under both domestic direct investment and overseas direct investment, instead mandating that such registrations be directly examined and handled by banks. The SAFE and its branch offices shall implement indirect regulation of foreign exchange registration for direct investment through banks.

According to the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which became effective on June 9, 2016 and was amended on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

On January 18, 2017, the SAFE issued the Notice on Further Advancing Foreign Exchange Management Reform and Improving the Review of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which further expands the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled; allowing funds under domestic guarantee and foreign loans to be transferred back; allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones; implementing full-coverage administration of overseas lending in both local and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in local and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023. The notice stipulates that based on the legal and regulatory framework for investment-based foreign-invested enterprises to carry out domestic equity investments with their registered capital, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their registered capital, provided that such investments do not violate the current Special Management Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the domestic projects in which they invest are authentic and compliant.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE and became effective on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

According to the Notice by the SAFE of Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), issued by the SAFE on December 4, 2023, foreign exchange funds from the overseas listing of a domestic enterprise may be directly remitted to the settlement account under the capital account. Funds in the settlement account under the capital account may be used through independent foreign exchange settlement.

According to the Guidelines on Foreign Exchange Business for Capital Items (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to PRC in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the People's Bank of PRC and the SAFE on Issues Concerning the Administration of Funds of Domestic Enterprises Listed Overseas (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which is issued on December 24, 2025 and will be effective on April 1, 2026, domestic enterprises listed overseas shall apply for overseas listing registration within 30 working days from the first trading day of their overseas listing or upon the completion of the over-allotment. In principle, the funds raised by domestic enterprises through overseas listing shall be repatriated to the PRC in a timely manner.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 Amendment) (《中華人民共和國立法法(2023年修正)》) (the "Legislation Law"), the National People's Congress (the "NPC") and the Standing Committee of the NPC (the "SCNPC") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The NPC may authorize the SCNPC to formulate relevant laws, and the SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the People's Bank of the PRC, the National Audit Office and institutions required by law as well as organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization construction, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations or separate regulations which have been approved by the SCNPC but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 Revision) (《中華人民共和國人民法院組織法 (2018年修訂) 》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the high people's courts. The high people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 Revision) (《中華人民共和國民事訴訟法(2023年修訂)》) (the ''Civil Procedure Law''), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national, a person without nationality, a foreign enterprise or a foreign organization generally has the same litigation rights and obligations as a citizen, legal person or other organization of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens or enterprises of that foreign country within the PRC.

If any party to a civil action refuse to comply with a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a party fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW, TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The Company Law of the PRC (2023 Revision) (《中華人民共和國公司法 (2023年修訂)》) (the "Company Law") which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018 respectively and the latest revision of which was issued on December 29, 2023 and took effective on July 1, 2024;

- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and five relevant guidelines which were promulgated by the PRC Securities Regulatory Commission (the "CSRC") on February 17, 2023 pursuant to the Securities Law, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (2025 Revision) (《上市公司章程指引 (2025年修訂)》) (the "Guidance for Articles of Association") which was latest amended on March 28, 2025 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association" in this document.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and more than half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing more than half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors (the "Board") of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method with offering and issuing shares to the public shall file the approval issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) (the "Order No. 112") promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the date of the company's incorporation. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within 5 days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder.
- the number of shares held by each shareholder.
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish the document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within 3 years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within 1 year from the date of the joint stock limited company's listing on a stock exchange. Directors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within 1 year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within 6 months after their resignation from their positions with the company.

Shareholders

Under the Company Law and the Guidance for Articles of Association, the rights of shareholders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's meetings, resolutions of meetings of the Board and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholders' meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' meeting exercises the following principal powers:

- to elect or remove the directors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors;
- to examine and approve reports of the Board;

- to examine and approve the company's proposals for profit distribution plans or loss compensation plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution, liquidation or change in the form of the company;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' meeting is required to be held within 2 months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;
- whenever the Board deems necessary; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' meetings shall be convened by the Board, and presided over by the chairman of the Board. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the Board is incapable of performing or not performing its duties of convening the shareholders' meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the meeting of shareholders is issued, the meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least 2 working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the Board and the secretary of the Board will cooperate with the meeting of shareholders convened by the shareholders. The Board will provide the register of shareholders on the date of equity registration. Moreover, when a meeting of shareholders is held, all directors and the secretary of the Board of the company shall attend the meeting, and managers shall attend the meeting as nonvoting delegates.

Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within 2 days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the Articles of Association, as well as other matters considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of at least 3 members. Members of the Board may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. If a joint stock limited company with 300 or more employees, which shall include representatives of the employees among the Board. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than 3 years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the Board mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution plans or loss compensation plans;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution, liquidation or change in the form of the company;
- to decide on the establishment of internal management structures of the company;
- to decide on the appointment or dismissal of the company's manager and matters concerning his/her remuneration, and to decide on the appointment or dismissal of the company's deputy manager(s), person-in-charge of finance, and matters concerning their remuneration based on the manager's nomination;
- to formulate the company's basic management systems; and
- to exercise any other power under the articles of association or granted by the shareholders' meeting.

Board Meetings

Under the Company Law, meetings of the Board of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the Board shall be held only if half or more of the directors are present. Resolutions of the Board shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the Board. Directors shall attend board meetings in person. If a director is unable to attend a Board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf.

If a resolution of the Board violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

Chairman of the Board

Under the Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over the Board meetings and examine the implementation of the Board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing the duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing the duties, a director nominated by more than half of the directors shall perform the duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than 5 years have elapsed since the date of completion of the sentence, in case of a suspended sentence, not more than 2 years have elapsed since the date of expiry of the probationary period;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into bankruptcy liquidation and who was personally liable for the bankruptcy of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than 3 years have elapsed since the date of such revocation or the order for closure; or

- a person who is listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of debts which has fall due.

Other circumstances under which a person is disqualified from acting as a director are set out in the Guidance for Articles of Association.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the Board. The manager shall responsible to the Board and may exercise the duties and powers in accordance with the provisions of the company's articles of association or the Board. The manager shall be present at the meetings of the Board.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors and Senior Management

Directors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors and senior management are prohibited from:

- embezzlement of company's properties and misappropriation of the company's funds;

- depositing the company's funds into accounts under their own name or the name of other individuals;

- utilizing power to accept bribe or accept other illegal income;

- accepting for their own benefit commissions from others for transactions conducted with the company;

- unauthorized divulgence of confidential information of the company; or

- other acts in violation of their fiduciary duty to the company.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to the laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall make its financial and accounting reports available at the company for inspection by the shareholders within 20 days before the convening of an annual meeting of shareholders. A joint stock limited company which has issued shares to the public must publish its financial and accounting reports. When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, the profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the company shall not be entitled to any distribution of profit.

The premium over the nominal value of the shares of a company from the issue of shares, the amount of proceeds from the issuance of no-par value shares not included in the registered capital and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up the losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserve funds to make up for a company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with regulations. Upon the conversion of statutory common reserve fund into increasing registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' meeting, the Board in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting materials to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, withholding and misrepresentation. And the audit fee of the accounting firm shall be decided by the meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% in the company, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, liquidation shall be carried out. Directors shall be the liquidation obligors, and a liquidation group shall be established within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of directors, unless the company's articles of association provide otherwise or the shareholders' meeting resolves to elect someone else. If a liquidation group is not established within the stipulated period or if the liquidation is not carried out after the establishment of the liquidation group, the interested parties may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his/her claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he/her did not receive any notification. A creditor shall state all matters relevant to his/her creditor rights in making his/her claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. The company shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a bankruptcy liquidation.

Following the acceptance of the application for bankruptcy by the people's court, the liquidation group shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' meeting or the people's court for confirmation. Thereafter, the report shall be submitted to the registration authority of the company in order to apply for deregistration. When performing the duties in relation to the liquidation. members of the liquidation group shall bear the duties of loyalty and diligence. If members of the liquidation group are reluctant to perform their liquidation duties and cause losses to the company's, they shall be liable for compensation; if a members of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his/her intentional or gross negligence.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall also file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Order No. 112 deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The Regulations of the State Council on Foreign-invested Shares Listed in PRC by Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council and effective from December 25, 1995, mainly provide for the issuance, subscription, trading and dividend payment of foreign-invested shares listed in PRC, and the disclosure of information by joint stock limited companies that have foreign-invested shares listed in PRC.

The Securities Law of the PRC (2019 Revision) (《中華人民共和國證券法 (2019年修訂)》) (the "Securities Law") took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2025 Revision) (《中華人民共和國仲裁法 (2025年修訂)》) (the "Arbitration Law") was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995, revised on August 27, 2009 and September 1, 2017 respectively and the latest revision of which was issued on September 12, 2025 and took effective on March 1, 2026. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method or dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid or otherwise provided by laws.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration institution if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration institution.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), and the Supplemental Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), promulgated by the Supreme People's Court on November 26, 2020 and effective from November 27, 2020, awards made by arbitration institutions in Mainland PRC may be enforced in Hong Kong, and Hong Kong arbitral awards may also be enforced in Mainland PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "Arrangement") promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, the Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In respect of judgments for the award of property, reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. the scope of recognition and enforcement by the courts of the Mainland and of the Hong Kong Special Administrative Region shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (the "SFC") issued the Joint Announcement of CSRC and SFC — Principles for the Prospective Implementation of the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong (《中國證券監督管理委員會、香港證券及期貨事務監察委員會聯合公告 — 預期實行滬港股票市場交易互聯互通機制試點時將需遵循的原則》) and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (the "Shanghai-Hong Kong Stock Connect") by the Shanghai Stock Exchange (the "SSE"), the Stock Exchange of Hong Kong Limited (the "SEHK"), PRC Securities Depository and Clearing Corporation Limited (the "CSDC") and Hong Kong Securities Clearing Company Limited (the "HKSCC"). Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of PRC securities houses by PRC investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by SFC that PRC investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and SFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, SEHK, CSDC and HKSCC (《中國證券監督管理委員會、香港證券及期貨事務監察委員會聯合公告 — 關於正式啟動滬港股票交易互聯互通機制試點的公告》). Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC amended the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (2016 Revision) (《關於港股通下香港上市公司向境內原股東配售股份的備案規定 (2016修訂)》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

SHARES

Issuance of Shares

The shares of the Company shall be in the form of share certificates.

The issuance of the Company's shares shall adhere to the principles of openness, fairness and impartiality. Each share of the same class shall have equal rights.

For shares of the same class issued at the same time, the issuance conditions and prices per share shall be the same; any entity or individual subscribing for shares shall pay the same price for each share.

All the shares issued by the Company are shares with par value, and the par value shall be denominated in Renminbi, with each share having a par value of RMB0.1.

Increase, Reduction and Repurchase of Shares

Increase of Registered Capital

The Company may increase its capital in the following ways:

(i) publicly issue shares;

(ii) privately issue shares;

(iii) distribute bonus shares to existing shareholders;

(iv) convert capital reserve into share capital;

(v) other methods as prescribed by laws and administrative regulations, approved by the China Securities Regulatory Commission (the "CSRC"), the securities regulatory authorities of the stock exchange where the Company's shares are listed and the Hong Kong Stock Exchange.

Reduction of Registered Capital

The Company is permitted to decrease its registered capital. When reducing the registered capital, the Company must comply with the Company Law of the PRC (《中華人民共和國公司法》) (the "Company Law"), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (the "Listing Rules"), other pertinent regulations, and the procedures specified in the Articles of Association.

Repurchase of Shares

Subject to compliance with all laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Listing Rules, and the Articles of Association, the Company may acquire its own shares under the following circumstances:

(i) reducing the Company's registered capital;

(ii) merging with another Company that holds the Company's shares;

(iii) using the shares for an employee shareholding plan or equity incentive;

(iv) when a shareholder, objecting to the Company's resolution on merger or division adopted by the shareholders' meeting, requests the Company to purchase their shares;

(v) using the shares to convert into the convertible corporate bonds issued by the Company;

(vi) as necessary to safeguard the Company's value and the rights and interests of shareholders;

(vii) other circumstances permitted under applicable laws, administrative regulations, departmental rules, normative documents, the relevant provisions of the securities regulatory authority of the stock exchange where the Company's shares are listed, and the Listing Rules.

Except for the above-mentioned circumstances, the Company shall not engage in activities of buying or selling its own shares.

If the Company repurchases its own shares for the reasons set out in items (i) and (ii) above, it shall be subject to the resolution of the shareholders' meeting. For the repurchase of the Company's own shares under the circumstances specified in items (iii), (v) and (vi) above, it should be resolved by a meeting of the board of directors (the ''Board'') attended by more than two-thirds of the directors.

After the Company repurchases its own shares in accordance with the above-mentioned provisions, in the case of item (i), the repurchased shares shall be cancelled within 10 days from the date of acquisition; in the case of items (ii) and (iv), the repurchased shares shall be transferred or cancelled within 6 months; in the case of items (iii), (v) and (vi), the total number of the Company's own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within 3 years. Where laws, regulations, and the securities regulatory authorities of the place where the Company's shares are listed otherwise provide for the matters related to share repurchases, such provisions shall prevail.

Transfer of Shares

The Company's shares may be transferred in accordance with the law.

Shares issued by the Company before its public offering of shares shall not be transferred within 1 year from the date of listing of the Company's shares on the stock exchange. The controlling shareholder of the company shall comply with the restrictions on the disposal of shares by controlling shareholders after a new listing under the Listing Rules.

The Company does not accept its own shares as the subject of a pledge.

Directors, and senior management personnel of the Company shall declare to the Company the shares they hold and any changes in such shares. During their term of office, the number of shares transferred each year shall not exceed 25% of the total number of shares they hold in the Company; the shares they hold shall not be transferred within 1 year of the date of listing of the Company's shares. Within 6 months after leaving the office, the above-mentioned personnel shall not transfer the shares they hold in the Company. Where the listing rules of the exchange where the company's shares are listed contain separate provisions regarding restrictions on the transfer of the shares, such provisions shall prevail.

Controlling shareholders and De Facto Controllers

The Company's controlling shareholders and de facto controllers shall comply with the following provisions:

(i) to exercise their shareholder rights in accordance with the law, and not to abuse their controlling power or use their connected relationships to harm the legal rights and interests of the Company or other shareholders;

(ii) to strictly fulfill public statements and all commitments made, and not to alter or waive such commitments from performance;

(iii) to strictly fulfill information disclosure obligations in accordance with relevant regulations, and to actively cooperate with the Company in its information disclosure, and to promptly inform the Company of any material events that have occurred or are proposed;

(iv) not to occupy the Company's funds in any way;

(v) not to compel, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to use the Company's undisclosed material information to seek benefits, not to disclose any undisclosed material information related to the Company in anyway, and not to engage in illegal activities such as insider trading, short-swing trading, or market manipulation;

(vii) not to harm the legal rights and interests of the Company and other shareholders through any means such as unfair connected transactions, profit distribution, asset reorganisation, or external investments;

(viii) to ensure the integrity of the Company's assets, the independence of its personnel, finances, organization and business, and not to affect the Company's independence in any way;

(ix) other provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If the Company's controlling shareholders or de facto controllers instructs a director or senior management to engage in acts that harm the interests of the Company or shareholders, they shall bear joint and several liability with that director or senior management.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company establishes the register of members based on the certificates provided by the securities registration and clearing institution, and the register of members is conclusive evidence of the shareholders' ownership of the Company's shares.

The original register of holders of H-shares is kept in Hong Kong, and the appointed overseas agent shall ensure that the original and duplicate copies of the overseas-listed share register remain consistent at all times. The Hong Kong branch register of shareholders must be available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the laws and regulations of the place where the Company's shares are listed.

Shareholders of the Company have the following rights:

(i) to receive dividends and other forms of profit distribution in accordance with the proportion of shares they hold;

(ii) to legally request, convene, preside over, attend, or appoint a proxy to attend the meeting and exercise the corresponding right to vote;

(iii) to supervise the Company's operations, make suggestions, or ask questions;

(iv) to transfer, donate, or pledge the shares they hold in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(v) to review and copy the Articles of Association, the register of members, the records of the shareholders' meeting, the resolutions of the Board meeting, and the financial accounting reports. Shareholders may review the Company's accounting books and vouchers in accordance with the Company Law;

(vi) to participate in the distribution of the Company's remaining properties in the event of the Company's dissolution or liquidation, in accordance with the proportion of shares they hold;

(vii) to request the Company to purchase their shares in the event that they object to the meeting resolutions of the shareholders on the Company's merger or division; and

(viii) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Where shareholders request to inspect or copy relevant Company materials shall comply with the provisions of the Company Law, the Securities Law of the PRC (《中華人民共和國證券法》) (the "Securities Law"), and other laws and administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and shall submit written documentation to the Company, certifying the types and quantities of shares held. Upon verification of the shareholder's identity, the Company shall furnish the requested information in accordance with the shareholder's requirements.

If the content of the resolution of the Company's shareholders' meeting or the Board meeting violates laws or administrative regulations, the Shareholders have the right to request the people's court to clarify it invalid.

If the convening procedures or voting methods of the shareholders' meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made, unless there are only minor flaws in the convening procedures or voting methods of the shareholders' meeting or the Board meeting resulting in no substantial impact on the resolution.

Where there is a dispute among the Board, shareholders and other relevant parties as to the validity of a shareholders' meeting resolution, they should promptly institute legal proceedings before the people's court. Before the people's court makes a judgment or ruling to revoke the resolution, etc., the relevant parties shall implement the shareholders' meeting resolution. The Company, directors and senior management shall effectively perform their duties to ensure the normal operation of the Company.

If the people's court makes a judgment or ruling on relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations and provisions of the China Securities Regulatory Commission (the "CSRC") and the securities regulatory authorities of the place where the Company's shares are listed, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. If correction of prior matters is involved, it will be handled promptly, and corresponding information disclosure obligations will be fulfilled.

A resolution of the Company's shareholders' meeting or the Board meeting is invalid under any of the following circumstances:

(i) the resolution was made without holding a shareholders' meeting or the Board meeting;

(ii) the shareholders' meeting or the Board meeting did not vote on the resolution matter;

(iii) the number of attendees or the voting rights held by them did not reach the quorum required by the Company Law or the Articles of Association;

(iv) the number of persons or the voting rights held by them agreeing to the resolution matter did not reach the majority required by the Company Law or the Articles of Association.

Shareholders of the Company undertake the following obligations:

(i) to comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(ii) to pay the share subscription amount in accordance with the shares they subscribe for and the method of subscription;

(iii) except as otherwise provided by laws and regulations, not to withdraw share capital;

(iv) not to abuse shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the independent status of a legal person or the joint stock limited liability of shareholders to prejudice the interests of the Company's creditors; and

(v) other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If a shareholder of the Company abuses his/her rights and causes loss to the Company or other shareholders, he/she shall be liable for compensation in accordance with the law. If a shareholder of the Company abuses the independent status of the independent status of a legal person and the joint stock limited liability of shareholders to evade debts and seriously harm the interests of the Company's creditors, he/she shall bear joint and several liability for the Company's debts.

General Provisions on the Meeting of Shareholders

The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the authority of the Company and shall exercise the following powers in accordance with the law:

(i) to elect and replace directors who are not elected by employee representatives, and to determine the remuneration of directors;

(ii) to review and approve the report of the Board;

(iii) to review and approve the Company's profit distribution plans and loss compensation plans;

(iv) to resolve on the increase or decrease of the Company's registered capital;

(v) to resolve on the issuance of corporate bonds;

(vi) to resolve on the Company's merger, division, dissolution, liquidation, or change of corporate form;

(vii) to amend the Articles of Association;

(viii) to resolve the engagement or dismissal of the accounting firm undertaking the business of audit on the Company;

(ix) to review and approve the guarantee matters stipulated in Article 43 of the Articles of Association;

(x) to review matters concerning the purchase or sale of major assets exceeding 30% of the Company's latest audited total assets within 1 year;

(xi) to review and approve changes in the use of funds raised;

(xii) to review equity incentive plans and employee share ownership plans;

(xiii) to review the change of the Company's profit distribution policy;

(xiv) to examine other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Company shall not provide external guarantee without the approval of the Board or the shareholders' meeting. The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for consideration and approval upon consideration:

(i) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets audited in the latest period;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(iii) the total amount of external guarantees provided by the Company in favor of others within 1 year has exceeded 30% of the Company's total assets audited in the latest period;

(iv) any guarantee to be provided in favor of a party whose ratio of liabilities to assets exceeds 70%;

(v) the single guarantee for an amount of more than 10% of the Company's net assets audited in the latest period;

(vi) the guarantee to be provided in favor of shareholders, de facto controllers or the related parties thereof;

(vii) other guarantee matters, subject to the determination of the shareholders' meeting, stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The shareholders' meeting is divided into the annual meeting and the extraordinary meeting. The annual meeting shall be held once a year and shall be held within 6 months after the end of the previous financial year.

In the event of any of the following circumstances, the Company shall convene an extraordinary meeting within 2 months from the date of occurrence thereof:

(i) the number of directors is less than the number stipulated by the Company Law or two-thirds of the number stipulated in the Articles of Association;

(ii) the Company's unrecovered losses reach one-third of the total paid-up capital;

(iii) at the request of shareholders who individually or collectively hold more than 10% of the Company's shares;

(iv) the Board deems it necessary;

(v) the Audit Committee proposes to convene it; and

(vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' Meetings

The shareholders' meeting shall be convened by the Board within the time limit specified.

After obtaining the consent of a majority of all independent non-executive directors (the "INEDs"), an INED has the right to propose to the Board to convene an extraordinary shareholders' meeting. Upon receiving such a proposal, the Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting.

If the Board agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the Board resolution. If the Board disagrees to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board to convene an extraordinary shareholders' meeting and shall submit the proposal to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response within 10 days after receiving the proposal, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting. If the Board agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the extraordinary shareholders' meeting within 5 days after making the Board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board disagrees to convene an extraordinary shareholders' meeting or fails to respond within 10 days after receiving the proposal, it shall be deemed that the Board is unable or fails to perform its duty to convene the shareholders' meeting. The Audit Committee may convene and preside over the meeting on its own.

A shareholder or shareholders holding more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary shareholders' meeting and shall submit the request to the Board in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response within 10 days after receiving the request, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting. If the Board agrees to convene an extraordinary shareholders' meeting, it shall serve a notice for the extraordinary shareholders' meeting within 5 days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board disagrees to convene an extraordinary shareholders' meeting or does not respond within 10 days after receiving the request, a shareholder or shareholders holding more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary shareholders' meeting and shall submit the request to the Audit Committee in writing. If the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall serve a notice for the extraordinary shareholders' meeting within 5 days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Audit Committee does not serve a notice for the extraordinary shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. A shareholder or shareholders holding more than 10% of the Company's shares continuously for more than 90 days may convene and preside over the meeting on their own.

If the Audit Committee or a shareholder decides to convene the shareholders' meeting on their own, they shall notify the Board in writing before serving the notice of the shareholders' meeting and, if required, report, announce or file with the stock exchange in accordance with the securities regulatory rules of the place where the Company's shares are listed. The proportion of shares held by the convening shareholder shall not be less than 10% before the announcement of the shareholders' meeting resolution. The Audit Committee or the convening shareholder shall submit relevant supporting materials in accordance with the requirements of the stock exchange where the Company's shares are listed when serving the notice of the shareholders' meeting and the announcement of the shareholders' meeting resolution.

Proposals and Notices of Shareholders' Meetings

The matters contained in a proposal shall be fall within the terms of reference of the shareholders' meeting and shall have explicit topics and specific matters for resolution, and shall be in compliance with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

For convening a shareholders' meeting of the Company, the Board, the Audit Committee, and a shareholder or shareholders holding more than 1% of the Company's shares have the right to propose it to the Company.

A shareholder or shareholders holding more than 1% of the Company's shares may submit a interim proposal in writing to the convener 10 days before the date of the shareholders' meeting.

The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, state the name of the shareholder who proposes the temporary proposal, their shareholding ratio, and the content of the new proposal and submit the interim proposal for review at the shareholders' meeting. However, this does not apply if the interim proposal violates the laws, administrative regulations, or the Articles of Association, or is not within the scope of the powers of the shareholders' meeting.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

Any proposal that is not stated in the notice of the shareholders' meeting or does not comply with the provisions of the preceding paragraph shall not be voted and approved at the shareholders' meeting.

The convener shall notify each shareholder in writing at least 21 days before the annual shareholders' meeting, and at least 15 days before the extraordinary shareholders' meeting.

A notice of a shareholders' meeting shall include the following:

(i) the time, venue, format, convener, and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all ordinary shareholders (including preferred shareholders with restored voting rights), as well as shareholders holding special voting rights shares, are entitled to attend the shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such a proxy need not be a shareholder of the Company;

(iv) the name and telephone number of the regular contact person for the meeting;

(v) the record date of shareholders entitled to attend the meeting;

(vi) the time and procedure for voting online or through other means; and

(vii) matters stipulated by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, as well as other provisions set forth in the Articles of Association.

Notices and supplementary notices of shareholders' meetings shall adequately and completely disclose the full contents of all proposals. Where matters to be discussed require the opinion of the INEDs, their opinions and reasons shall be disclosed simultaneously with the notice or supplementary notice of the shareholders' meeting.

Holding the Shareholders' Meeting

All shareholders or their proxies registered on the equity registration date shall be entitled to attend the shareholders' meeting and exercise their voting rights at the meeting in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

A shareholder may attend the shareholders' meeting in person or entrust a proxy to attend and vote on his/her behalf.

Individual shareholders attending the meeting in person shall present their identity card or other valid documents or proof that can indicate their identity; proxies attending the meeting on behalf of others shall present their valid identity documents and the shareholders' powers of attorney.

Corporate shareholders shall be represented by the legal representative or a proxy appointed by the legal representative to attend the meeting. The legal representative attending the meeting shall present his/her identity card and valid proof of his/her qualification as the legal representative; the proxy attending the meeting shall present his/her identity card and the power of attorney issued by the legal representative of the corporate shareholder (except for shareholders who are recognized clearing houses or their agents as defined from time to time under the laws of Hongkong or regulations of the place where the Company's shares are listed).

The shareholders' meeting shall be presided over by the chairman of the Board. If the chairman of the Board is unable to perform his/her duties or fails to perform his/her duties, a director shall be jointly elected by more than half of the directors to preside over the meeting.

For the shareholders' meeting convened by the Audit Committee on its own, it shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable to perform his/her duties or fails to perform his/her duties, a member of the Audit Committee shall be jointly elected by more than half of its members to preside over the meeting. For the shareholders' meeting convened by shareholders on their own, a convener shall be chaired or a representative shall be elected by the convener to preside over the meeting. If the presiding officer of the shareholders' meeting violates the rules of procedure in such a way that the shareholders' meeting cannot continue, with the consent of more than half of the shareholders present at the shareholders' meeting who have voting rights, the shareholders' meeting may elect one person to act as the presiding officer to continue the meeting.

Voting and Resolutions of Shareholders' Meetings

The resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including shareholder proxies) present at the shareholders' meeting.

A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders (including shareholder proxies) present at the shareholders' meeting.

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

(i) the work reports of the Board and;

(ii) the profit distribution plans and loss compensation plans proposed by the Board;

(iii) the appointment and removal of members of the Board and their remuneration and payment methods;

(iv) the Company's annual report;

(v) other matters not stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be passed by a special resolution.

The following matters shall be passed by a special resolution of the shareholders' meeting:

(i) increase or decrease of the Company's registered capital;

(ii) merger, division, dissolution, liquidation, and change of corporate form of the Company;

(iii) amend the Articles of Association;

(iv) purchase or sale of major assets within 1 year or guarantee amounts exceeding 30% of the Company's total assets of its latest audited accounts;

(v) equity incentive plans;

(vi) change the Company's profit distribution policy;

(vii) repurchase shares in accordance with the circumstances stipulated in Items (i) and (ii) of Article 23 of the Articles of Association; and

(viii) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, and other matters that the shareholders' meeting deems through an ordinary resolution to have a significant impact on the Company and are required to be passed by a special resolution.

Shareholders (including shareholder proxies) shall exercise their voting rights in accordance with the number of shares they represent, with one vote per share.

The shares held by the Company shall not have voting rights, and such shares shall not be counted into the total number of shares with voting rights present at the shareholders' meeting.

In accordance with the applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain voting on any individual resolution or is restricted to vote only in favor or only against, any vote made by the shareholder (or its proxy) in violation of the relevant regulations or restrictions shall not be counted in the voting results.

If a shareholder purchases shares with voting rights in violation of Articles 63 (1) and (2) of the Securities Law, the shares exceeding the prescribed ratio shall not be entitled to exercise voting rights within 36 months from the date of purchase, and shall not be counted into the total number of shares with voting rights present at the shareholders' meeting.

When the shareholders' meeting considers matters concerning connected transactions, connected shareholders shall not participate in the voting, and the number of shares with voting rights represented by them shall not be counted into the total number of valid votes; the announcement of the shareholders' meeting resolution shall fully disclose the voting status of non-connected shareholders.

DIRECTORS AND BOARD

Directors

The directors of the Company shall be natural persons. A person who falls under any of the following circumstances shall not be appointed as a director of the Company:

(i) lacking civil liability or having restricted civil liability;

(ii) having been sentenced to criminal penalty for bribery, corruption, embezzlement or misappropriation of property, or other acts that disrupt the socialist market economy order, or having been deprived of political rights due to a crime, and the term of enforcement has not exceeded 5 years, or having been granted a suspended sentence, and the term of the suspended sentence has not exceeded 2 years from the date of expiry of the probationary period;

(iii) having served as a director, factory manager or manager of a company or enterprise that has undergone bankruptcy liquidation and being personally responsible for the bankruptcy of that company or enterprise, and not having exceeded 3 years from the date of completion of the bankruptcy liquidation;

(iv) having served as the legal representative of a company or enterprise whose business license was revoked or ordered to close due to illegal activities and being personally responsible, and not having exceeded 3 years from the date of revocation of the business license or closure order;

(v) individuals who are listed as a dishonest persons subject to enforcement by the people's court due to the failure to repay a significant amount of outstanding debt by the due date;

(vi) having been subject to market entry ban imposed by the CSRC for an unexpired term;

(vii) having been publicly determined by a stock exchange as unfit to serve as a director or senior management of a listed company for an unexpired term; and

(viii) other contents stipulated by laws, administrative regulations, departmental rules, or the laws, regulations and securities regulatory rules of the place where the Company's shares are listed.

Directors shall fulfill the following fiduciary duties to the Company:

(i) shall not embezzle the property of the Company, nor misappropriate funds of the Company;

(ii) shall not open accounts in which the funds of the Company are deposited in his/her personal name or in the name of other individuals;

(iii) shall not use their authority to give bribes or accept other illegal income;

(iv) shall not enter into contracts or transactions directly or indirectly with the Company, without reporting to the Board or the shareholders' meeting and obtaining approval through resolutions by the Board or the shareholders' meeting as stipulated in the Articles of Association;

(v) shall not take advantage of their positions to seek any business opportunity that belongs to the Company for themselves or any other person, except under the circumstances where he/she has reported to the Board or the shareholders' meeting and has been approved by a resolution of the Board or the shareholders' meeting, or where the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association;

(vi) shall not engage in business of the same kind as that of the Company either for themselves or on behalf of others, without reporting to the Board or the shareholders' meeting and obtaining approval by a resolution of the Board or the shareholders' meeting;

(vii) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(viii) shall not disclose the Company's secret without authorization;

(ix) shall not abuse their related relationships to damage the Company's interests;

(x) other fiduciary duties stipulated in laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Articles of Association.

Any income obtained by a director in violation of the provisions set out in this Article shall belong to the Company; if losses are caused to the Company, the Director shall be liable for compensation.

The provisions of item (4) of paragraph 2 of this Article shall apply to the conclusion of contracts or transactions with the Company by the close relatives of directors or senior managers, the enterprises directly or indirectly controlled by directors or senior managers or their close relatives, and the related persons having other related relationships with directors or senior managers.

Directors shall have the following diligent duties to the Company:

(i) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of the laws, administrative regulations and various national economic policies, and that the commercial activities do not go beyond the scope of the business activities stipulated in the business license;

(ii) shall treat all shareholders fairly;

(iii) shall maintain a timely awareness of the operation and management of the Company;

(iv) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall truthfully provide information and materials to the Audit Committee and shall not obstruct the Audit Committee or members of the Audit Committee from exercising its functions and powers;

(vi) other diligent duties stipulated in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If any director fails to attend the Board meetings, either in person or by authorizing another director on his/her behalf, for two consecutive meetings, he/she shall be deemed as failing to perform his/her duties. The Board shall propose at the shareholders' meeting to replace such director. Subject to compliance with laws and regulations, the Articles of association and the securities regulatory rules of the place where the Company's shares are listed, directors who attend the Board meetings through Internet, video, telephone or other means with the same effect shall also be deemed to attend in person.

A director may resign before the expiration of his/her term of office. Resignation of a director shall be made by submitting a written report to the Board. Except for the circumstances set out in paragraph 2 of this Article, the resignation report shall become effective on the date when it is delivered to the Board. The Board will disclose the situation within 2 days.

In the event that the Board and its special committees of the Company fall below the statutory minimum due to the resignation of a director, or in the event that the number of INEDs falls below the statutory requirement due to the resignation of an INED, until the re-elected director assumes his/her office, the original director shall still perform the duties of a director in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed as well as the provisions of the Articles of Association.

Board

The Company shall establish a Board, which shall comprise 9 directors, including 3 INEDs.

The Board shall exercise the following powers:

(i) to convene the shareholders' meeting and report on its work to the shareholders' meeting;

(ii) to implement the resolutions of the shareholders' meeting;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution plans and loss compensation plan;

(v) to formulate plans regarding the increase or reduction of the Company's registered capital, the issuance of bonds or other securities, and listing;

(vi) to draft plans for significant acquisitions of the Company, the purchase of shares of the Company, merger, division, dissolution or change of the form of the Company;

(vii) within the scope of authorization by the shareholders' meeting, to decide on matters such as the Company's external investments, purchase and sale of assets, asset mortgages, external guarantees, entrusted financial management, connected transactions, and external donations;

(viii) to determine the establishment of the Company's internal management structures;

(ix) to make decision for appointing or dismissing the Company's manager, secretary of the Board, and to determine their remuneration, rewards and punishments; to appoint or dismiss the deputy manager of the Company, the Company's financial person-in-charge and other senior management personnel based on the nomination of the manager, and to determine their remuneration, rewards and punishments;

(x) to formulate the Company's basic management systems;

(xi) to draft amendments to the Articles of Association;

(xii) to manage the Company's information disclosure matters;

(xiii) to propose to the shareholders' meeting the engagement or replacement of the accounting firm undertaking the Company's audit;

(xiv) to receive the work report of the Company's manager and inspect the work of the manager;

(xv) to review and evaluate the guarantee matters that do not require approval by the shareholders' meeting; and

(xvi) other powers stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or this Articles of Association, and those granted by the shareholders' meeting.

Any matter exceeding the authorization scope of the shareholders' meeting shall be referred to the shareholders' meeting for review and approval.

The Board are divided into regular meetings and extraordinary meetings. Regular meetings of the Board shall be held at least four times a year, and shall be convened by the chairman of the Board.

Independent Non-executive Directors

The INEDs shall earnestly fulfill their responsibilities in accordance with laws, administrative regulations, the rules of the place where the Company's shares are listed, and provisions of the Articles of Association.

The INEDs shall play a role in participating in decision-making, supervising and balancing, and providing professional advice in the Board to maintain the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

The INEDs shall maintain their independence, and the following people shall not serve as the INEDs of the Company:

(i) people working for the Company or its subsidiaries, their spouses, parents and children, and major social relations;

(ii) natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or who are among the Company's top ten shareholders, and their spouses, parents and children;

(iii) people who work for shareholders who directly or indirectly hold more than 5% of the Company's issued shares or who work for entities of the Company's top five shareholders, and their spouses, parents, and children;

(iv) people serving in the subsidiaries of the Company's controlling shareholders and de facto controllers and their spouses, parents and children;

(v) people who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;

(vi) people providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries; including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, directors, senior managements and principals;

(vii) people who have been in the situations listed in the items (i) to (vi) above within the last 12 months;

(viii) other people who do not possess independence as stipulated by the laws, administrative regulations, rules issued by the CSRC, the operating rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

Subsidiaries of the Company's controlling shareholders and de facto controllers as set out in items (iv) to (vi) above, exclude enterprises that are controlled by the same state-owned asset management institution as the Company and do not constitute are related party relationship with the Company under the relevant provisions.

An independent non-executive Director of the Company shall fulfill the following conditions:

(i) be qualified to serve as a Director of a listed Company in accordance with laws, administrative regulations and other relevant provisions;

(ii) comply with the independence requirements stipulated in the Articles of Association;

(iii) possess basic knowledge of the operation of a listed Company and be familiar with relevant laws, regulations and rules;

(iv) have at least five years of working experience in law, accounting or economics necessary for the fulfillment of his/her duty as an independent Director;

(v) possess good personal integrity and no major breach of trust or other adverse records;

(vi) other conditions as stipulated by laws, administrative regulations, rules issued by the China Securities Regulatory Commission, regulations of the securities regulatory authorities in the place where the Company's shares are listed, and the Articles of Association.

The INEDs shall exercise the following special functions and powers:

(i) independently engaging intermediary agencies to conduct audits, consultations or verifications on specific matters of the Company;

(ii) proposing to the Board to convene an extraordinary shareholders' meeting;

(iii) proposing to convene a Board meeting;

(iv) publicly soliciting shareholders' rights from shareholders in accordance with laws;

(v) expressing independent opinions on matters that may jeopardize the interests of the Company or the minority shareholders; and

(vi) other functions and powers stipulated by the laws, administrative regulations, rules issued by the CSRC, the operating rules of the stock exchange where the Company's shares are listed and the Articles of Association.

The INEDs exercising the functions and powers set out in items (i) to (iii) of the preceding paragraph shall obtain the approval of more than half of all INEDs.

The Company shall disclose in a timely manner any exercise of the functions and powers listed in the first paragraph by the INEDs. In the event that the aforesaid functions and powers cannot be properly exercised, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be submitted to the Board for consideration after being approved by more than half of all INEDs of the Company:

(i) related-party transactions that should be disclosed;

(ii) the proposal of the Company and related parties to change or waive their commitments;

(iii) decisions made and measures taken by the Board of the acquired listed company in response to the acquisition; and

(iv) other matters stipulated by the laws, administrative regulations, rules issued by the CSRC, the operating rules of the stock exchange where the Company's shares are listed and the Articles of Association.

The Company shall establish a mechanism for specialized meetings attended by the INEDs only. Where the Board deliberates related-party transactions and other matters, prior approval shall be obtained from the specialized meeting of the INEDs.

The Company shall convene specialized meetings of the INEDs on a regular or irregular basis. Matters listed in items (i) to (iii) of Article 126 and Article 127 of the Articles of Association shall be considered at the specialized meeting of the INEDs.

The specialized meeting of the INEDs shall be convened and presided over by an INED jointly elected by a majority of the INEDs; in the event that the convener does not or is unable to perform his/her duties, two or more INEDs may convene the specialized meeting on their own and elect a representative to preside over the meeting.

Minutes of specialized meetings of the INEDs shall be prepared in accordance with the regulations, which shall include the opinions of the INEDs. The INEDs shall sign on the minutes for confirmation.

The Company shall facilitate and support the convening of specialized meetings of the INEDs.

Special Committees under the Board

The Board of the Company shall establish an Audit Committee and the Audit Committee shall comprise of no fewer than 3 director members, all being non-executive directors who do not serve as senior management of the Company, and a majority of whom shall be INEDs. The accounting professional among such INED shall serve as the convener.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating both internal and external audit work and internal controls. The following matters shall be submitted to the Board for deliberation after being approved by a majority of the members of the Audit Committee:

(i) to disclose financial information in financial and accounting reports and periodic reports and internal control evaluation reports;

(ii) to engage or dismiss accounting firms for audit services of the Company;

(iii) to engage or dismiss the financial person-in-charge of the Company;

(iv) to revise accounting policies, accounting estimations or correct significant accounting errors for reasons other than changes in accounting standards; and

(v) other matters stipulated by the laws, administrative regulations, rules issued by the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Audit Committee shall convene meetings at least once a quarter, and may convene an extraordinary meeting upon the proposal of two or more members, or when the convener deems necessary. Meetings of the Audit Committee shall only be held with the attendance of at least two-thirds of the members.

Resolutions of the Audit Committee shall be passed by a majority of all members of the Audit Committee. When voting on a resolution of the Audit Committee, each member shall have one vote.

The resolutions of the Audit Committee shall be recorded in the minutes of the meeting in accordance with regulations, and the Audit Committee members attending the meeting shall sign on the minutes.

The terms of reference of the Audit Committee shall be formulated by the Board.

The Nomination Committee, Remuneration and Appraisal Committee and other special committees shall be set up by the Board of the Company. The proposals of special committees shall be submitted to the Board for consideration and approval. The terms of reference of special committees shall be formulated by the Board.

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, as well as making recommendations to the Board on the following matters:

(i) nomination or removal of directors;

(ii) appointment or dismissal of senior management;

(iii) responsible for establishing the Board's diversity policy, and ensuring regular reviews of the Board's diversity;

(iv) other matters stipulated by the laws, administrative regulations, rules issued by the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the Board does not adopt or not fully adopt the recommendations of the Nomination Committee, the opinions of the Nomination Committee and the specific reasons for non-adoption shall be recorded in the resolution of the Board and disclosed.

The Remuneration and Appraisal Committee is responsible for setting appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing the remuneration decision mechanisms, decision-making processes, payment and stop-payment recourse arrangements and other remuneration policies and proposals for directors and senior management, and making recommendations to the Board on:

(i) the remuneration of directors and senior management;

(ii) formulation or modification of equity incentive plans and employee stocks plans, achievement of conditions for granting benefits and exercising rights of incentive participants;

(iii) the arrangement of share ownership plans for subsidiaries to be spun-off by the directors and senior management;

(iv) other matters as required by the laws, administrative regulations, rules issued by the CSRC, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

If the Board fails to adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for the failure in a resolution of the Board and disclosed.

SENIOR MANAGEMENT

The Company shall have one manager, who shall be appointed or dismissed by the Board.

The Company shall have several deputy manager, who shall be appointed or dismissed by the Board.

The manager, the deputy manager, the financial person-in-charge, and the secretary of the Board are senior management personnel of the Company.

The manager shall be held accountable to the Board and shall exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board and report the work to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment proposals;

(iii) to formulate the establishment of the Company's internal management structures;

(iv) to formulate the Company's basic management systems;

(v) to establish the Company's specific rules and regulations;

(vi) to recommend to the Board the appointment or dismissal of deputy managers or the financial person-in-charge of the Company;

(vii) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;

(viii) other functions and powers stipulated by the Articles of Association or the securities regulatory rules of the place where the Company's shares are listed, or granted by the Board.

The manager shall attend the Board meetings.

The Company shall have a secretary of the Board. The secretary of the Board shall be responsible for preparing the Company's shareholders' meetings and Board meetings, maintaining documents, managing shareholder information, handling information disclosure and other matters.

The deputy manager and the financial person-in-charge shall be nominated by the manager, and the secretary of the Board shall be nominated by the chairman of the Board, all of whom shall be appointed or dismissed by the Board.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations, relevant national departments and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall not maintain any accounting books other than the statutory ones. The Company's assets shall not be deposited or stored in any account opened in any individual's name.

Profit Distribution

When distributing the after-tax profits of the current year, the Company shall appropriate 10% of the profits to the Company's statutory common reserve. If the accumulated amount of the Company's statutory common reserve exceeds 50% of its registered capital, no further appropriation may be made.

If the Company's statutory common reserve is insufficient to cover the losses of previous years, the Company shall first use the current year's profits to cover the losses before any appropriation of the statutory common reserve as stipulated above.

After the Company has appropriated its statutory common reserve from the profits after tax, it may, upon a resolution of the shareholders' meeting, appropriate a discretionary common reserve from the profits after tax.

The after-tax profits remaining after the Company has covered its losses and appropriated its common reserves shall be distributed in proportion to the number of shares held by the shareholders, except as otherwise provided by laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the resolutions of the shareholders' meeting.

In the event that a shareholders' meeting violates the Company Law by distributing profits to shareholders, the shareholders shall refund the profits distributed in breach of the regulations to the Company; if this causes loss to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The shares held by the Company in itself shall not participate in the distribution of profits.

The Company's common reserve shall be used to cover the Company's losses, expand the Company's production and operations, or increase its registered capital. To cover losses with the common reserve, the discretionary common reserve and the statutory common reserve shall first be used; if still insufficient, the capital common reserve may be used in accordance with the regulations. When the statutory common reserve is converted into registered capital, the retained balance of such common reserve shall not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, which specifies the leadership structure, responsibilities and authorities, staffing, financial support, application of audit results, and accountability for internal audit work. The internal audit system of the Company shall be implemented after approval by the Board and shall be disclosed externally.

The internal audit organization shall be accountable to the Board.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed, to conduct audit of financial statements, verification of net assets, and other related consultancy services. The term of engagement shall be 1 year, and the engagement may be renewed.

The engagement or dismissal of an accounting firm by the Company shall be decided by the shareholders' meeting, and the Board shall not appoint an accounting firm prior to the decision of the shareholders' meeting.

The Company shall ensure that the accounting vouchers, accounting books, financial accounting reports, and other accounting materials provided to the engaged accounting firm are true and complete, and shall not refuse delivery, or conceal or misrepresent them.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

When the Company terminates or does not renew the engagement of an accounting firm, it shall notify the accounting firm 15 days in advance. When the shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

If an accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any irregularities in the Company.

MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL, DISSOLUTION, AND LIQUIDATION

Merger, Division, Increase and Reduction of Capital

Merger of companies can be by absorption or by establishment of a new entity.

If one company absorbs another company, it is a merger by absorption, and the absorbed company shall be dissolved. If two or more companies merge to form a new company, it is a merger by creation, and all merging parties shall be dissolved.

In the event of a merger of companies, the merging parties shall enter into a merger agreement and compile a balance sheet and a inventory of assets. The Company shall notify its creditors of the merger within 10 days from the date of the resolution on the merger and make an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the notice has not been received, the creditors may request the Company to settle the debts or provide corresponding guarantees.

When the Company involves a merger, the claims of debts and liabilities of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

When the Company is divided, its assets shall be divided accordingly.

When the Company is divided, the parties involved shall enter into a division agreement and compile a balance sheet and a inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution on the division and announce it in the newspaper or the National Enterprise Credit Information Publicity System within 30 days.

When the Company is merged or divided, and there is a change in the registration, it shall lawfully apply for a change of registration with the company registration authority. If the Company is dissolved, it shall lawfully apply for cancellation of registration. If a new company is established, it shall lawfully apply for registration of establishment.

When the Company increases or decreases its registered capital, it shall lawfully apply for a change of registration with the company registration authority.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the business term of its operations stipulated in the Articles of Association expires or other dissolution events stipulated in the Articles of Association occur;

(ii) resolution of the shareholders' meeting to dissolve;

(iii) dissolution is required due to the Company's merger or division;

(iv) the business license is revoked by law, the Company is ordered to be closed down or revoked; and

(v) the Company's operations and management encounter serious difficulties, and its continued existence would cause significant losses to the shareholders' interests, which cannot be resolved through other means. The shareholders holding more than 10% of the total voting rights of all shareholders of the Company may request the people's court to dissolve the Company.

If the Company encounters any of the dissolution events mentioned above, it shall display the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is dissolved due to the occurrence of the events mentioned in (i) and (ii) above, and has not yet distributed the Company's assets to the shareholders, the Company may continue to exist by amending the Articles of Association or by resolution of the shareholders' meeting. Any amendment to the Articles of Association or resolution made by the shareholders' meeting in accordance with the provisions of the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

If the Company is dissolved due to the occurrence of the events mentioned in (i), (ii), (iv), or (v) above, a liquidation group shall established within 15 days from the occurrence of the dissolution event. The liquidation group shall be composed of directors, unless otherwise resolved by the shareholders' meeting to select other persons. If the Company is dissolved due to the occurrence of the event mentioned in (iv) above, the department or company registration authority that made the decision to revoke the business license, order the Company to close down, or revoke the Company may apply to the people's court to appoint relevant persons to form a liquidation group to commence liquidation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and shall announce it in the designated media or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, and those who have not received the notice may declare their claims within 45 days from the date of the announcement.

When declaring claims, creditors shall specify the relevant matters of the claims and provide proof. The liquidation group shall register the claims.

During the period for declaration of claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has liquidated the Company's assets, compiled a balance sheet, and an inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation. During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the claims are settled in accordance with the provisions of the preceding paragraph.

If the liquidation group discovers, after liquidating the Company's assets, compiling a balance sheet, and an inventory of assets, that the Company's assets are insufficient to repay its debts, the liquidation group shall apply to the people's court for bankruptcy declaration in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation matters to the bankruptcy administrator appointed by the People's Court.

After the Company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and file it with the company registration authority to apply for the cancellation of the Company's registration and announce the termination of the Company.

If the Company is declared bankrupt by law, it shall be liquidated in accordance with the relevant laws on enterprise bankruptcy.

Amendment of the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

(i) after the amendment of the Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association conflict with the amended laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed;

(ii) changes in the Company's situation that are inconsistent with the matters recorded in the Articles of Association; and

(iii) resolution of the shareholders' meeting to amend the Articles of Association.

The matters of amendment to the Articles of Association passed by the shareholders' meeting shall be approved by the competent authorities if required; if they involve matters of company registration, the change of registration shall be handled in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the competent authorities.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on August 26, 2019 and was converted into a joint stock company with limited liability on December 5, 2024 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB17,041,654.

Our Company has established a place of business in Hong Kong at Room 504, 5/F, Cheong Tai Commercial Building, 60-66 Wing Lok Street, Sheung Wan, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 3, 2025. Ms. Ha Ching Ching (夏正靜), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of Our Company

On August 26, 2019, our Company was established as a limited liability company with a registered capital of RMB3,000,000.

On November 21, 2023, the registered capital of our Company increased from RMB15,000,000 to RMB16,284,247.

On May 20, 2024, the registered capital of our Company increased from RMB16,284,247 to RMB16,852,302.

On September 8, 2025, the registered capital of our Company increased from RMB16,852,302 to RMB17,041,654.

For further details, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries as of the Latest Practicable Date are set out in the section headed "History, Development and Corporate Structure" in this document.

On March 10, 2026, Hong Kong Alkaidsemi Limited (香港瑤芯微電子有限公司) was incorporated as a limited liability company under the laws of the Hong Kong with an initial registered capital of HKD10,000.

Save as disclosed above, there had been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Company held on September 10, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of a nominal value of RMB0.1 each and that such H Shares be **[REDACTED]** on the Hong Kong Stock Exchange;

(b) that the number of H Shares to be issued shall not be more than 100% of the total issued share capital of our Company as enlarged by the **[REDACTED]** (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than 15% of the number of H Shares issued pursuant to the **[REDACTED]**;

(c) that each of our Shares with a par value of RMB1.00 shall be subdivided into ten Shares with a par value of RMB0.10 each, and following the Share Subdivision, the registered capital of our Company, which was RMB17,041,654, shall be divided into 170,416,540 Shares, effective on the **[REDACTED]**;

(d) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(e) authorization of our Board to handle all relevant matters relating to, among other things, the issue and **[REDACTED]** of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	82466333	PRC	ALKAIDSEMI Technologies	9	June 7, 2025 to June 6, 2035
2.	Our Company	82455739	PRC	ALKAIDSEMI.	42	June 7, 2025 to June 6, 2035
3.	Our Company	82451620	PRC	ALKAIDSEMI Technologies	42	June 7, 2025 to June 6, 2035
4.	Our Company	82463743	PRC	ALKAIDSEMI.	9	June 7, 2025 to June 6, 2035
5.	Our Company	73569994	PRC	AKSMOS	42	March 14, 2025 to March 13, 2035
6.	Our Company	73921946	PRC	瑶芯微	42	March 7, 2024 to March 6, 2034
7.	Our Company	73926516	PRC	瑶芯微	9	March 7, 2024 to March 6, 2034
8.	Our Company	73556166	PRC	AKSMEMS	9	February 14, 2024 to February 13, 2034
9.	Our Company	73555595	PRC	AKSMEMS	42	February 14, 2024 to February 13, 2034
10.	Our Company	73553093	PRC	AKSMOS	9	February 14, 2024 to February 13, 2034
11.	Our Company	73567038	PRC	AKSSIC	42	February 14, 2024 to February 13, 2034
12.	Our Company	73566219	PRC	AKSGAN	42	February 14, 2024 to February 13, 2034

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
13.	Our Company	73556175	PRC	AKSGAN	9	February 14, 2024 to February 13, 2034
14.	Our Company	73548597	PRC	AKSSIC	9	February 14, 2024 to February 13, 2034
15.	Our Company	62263542	PRC	ATALLA	9	October 28, 2022 to October 27, 2032
16.	Our Company	62204658	PRC	ATALLA	42	September 21, 2022 to September 20, 2032
17.	Our Company	49514418	PRC	ALKAIDSEMI	9	June 7, 2021 to June 6, 2031
18.	Our Company	49521534	PRC	ALKAIDSEMI	42	April 28, 2021 to April 27, 2031
19.	Our Company	306992056	Hong Kong	A ALKAIDSEMI INNOVATION AND EXCELLENCE B ALKAIDSEMI INNOVATION AND EXCELLENCE C ALKAIDSEMI INNOVATION AND EXCELLENCE D ALKAIDSEMI INNOVATION AND EXCELLENCE	9, 35, 42	August 11, 2025 to August 10, 2035
20.	Our Company	306993460	Hong Kong	A 瑶芯微 B 瑶芯微 C 瑶芯微 D 瑶芯微	9, 42	August 12, 2025 to August 11, 2035

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
21.	Our Company	306993479	Hong Kong	A 瑤芯微 B 瑤芯微 C 瑤芯微 D 瑤芯微	9, 42	August 12, 2025 to August 11, 2035

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1.	Our Company	alkaidsemi.com	April 18, 2025

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
1.	Our Company	Invention	A Dual-Gate Controlled RC-IGBT Device and its Manufacturing Method (雙柵控制型RC-IGBT器件及其製備方法)	ZL202410690041.1	May 30, 2024	May 30, 2044	PRC
2.	Our Company	Invention	A Junction Field-Effect Transistor Controlled RC-IGBT Device and its Manufacturing Method (結型場效應管控制型RC-IGBT器件及其製備方法)	ZL202410690034.1	May 30, 2024	May 30, 2044	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
3.	Our Company	Invention	An Audio Codec Device, Method, and System with Automatic Gain Control Function (具有自動增益控制功能的音頻編解碼裝置、方法和系統)	ZL202410132693.3	January 30, 2024	January 30, 2044	PRC
4.	Our Company	Invention	An Audio Codec Device, Method, and System with Sound Source Orientation Function (具有聲源定向功能的音頻編解碼裝置、方法及系統)	ZL202311762358.3	December 19, 2023	December 19, 2043	PRC
5.	Our Company	Invention	An Audio Codec and Audio Codec System (一種音頻編解碼器及音頻編解碼系統)	ZL202311093714.7	August 28, 2023	August 28, 2043	PRC
6.	Our Company	Invention	A High-Frequency Near-Field Current Sensor and Probe (一種高頻近場電流傳感器及探頭)	ZL202310946271.5	July 28, 2023	July 28, 2043	PRC
7.	Our Company	Invention	A Multi-Layer Epitaxial Superjunction Field-Effect Transistor and Manufacturing Method (多層外延超結場效應晶體管及製備方法)	ZL202310532280.X	May 11, 2023	May 11, 2043	PRC
8.	Our Company	Invention	A Drive Circuit and Drive Chip (一種驅動電路及驅動芯片)	ZL202310438809.1	April 21, 2023	April 21, 2043	PRC
9.	Our Company	Invention	An IGBT Device Structure with Integrated Schottky Contact and its Manufacturing Method (一種集成肖特基接觸的IGBT器件結構及其製備方法)	ZL202310342649.0	March 31, 2023	March 31, 2043	PRC
10.	Our Company	Invention	A Trench MOSFET Electric Field Protection Structure and Manufacturing Method (溝槽型MOSFET電場保護結構及製備方法)	ZL202310287851.8	March 22, 2023	March 22, 2043	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
11.	Our Company	Invention	A Trench MOSFET Electric Field Shielding Protection Structure and Manufacturing Method (溝槽型MOSFET電場屏蔽保護結構及製備方法)	ZL202310286448.3	March 22, 2023	March 22, 2043	PRC
12.	Our Company	Invention	A High-Frequency Noise Suppression Circuit (一種高頻噪聲抑制電路)	ZL202310246271.4	March 14, 2023	March 14, 2043	PRC
13.	Our Company	Invention	A Silicon Carbide-Based MOSFET Device and Manufacturing Method (碳化矽基MOSFET器件及製作方法)	ZL202211644184.6	December 20, 2022	December 20, 2042	PRC
14.	Our Company	Invention	A High-Reliability Silicon Carbide-Based MOSFET Device and Manufacturing Method (高可靠性的碳化矽基MOSFET器件及其製作方法)	ZL202211644189.9	December 20, 2022	December 20, 2042	PRC
15.	Our Company	Invention	A Trench Super Junction Transistor and Manufacturing Method (溝槽型超結場效應晶體管及其製備方法)	ZL202211360807.7	November 2, 2022	November 2, 2042	PRC
16.	Our Company	Invention	An Overcurrent Protection Circuit and Chip (一種過流保護電路及芯片)	ZL202211328153.X	October 27, 2022	October 27, 2042	PRC
17.	Our Company	Invention	A Junction Temperature Measurement Circuit and System (一種結溫測量電路及系統)	ZL202211145700.0	September 20, 2022	September 20, 2042	PRC
18.	Our Company	Invention	An Output Clamp Protection Module, Method, Chip, and Drive Protection System (輸出鉗位保護模塊、方法、芯片及驅動保護系統)	ZL202211138899.4	September 19, 2022	September 19, 2042	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
19.	Our Company	Invention	A Diaphragm and MEMS Microphone (振膜及MEMS麥克風)	ZL202211002714.7	August 22, 2022	August 22, 2042	PRC
20.	Our Company	Invention	A Method for Improving the Stability of Super-junction Structure Epitaxial Growth and Semiconductor Device Manufacturing (提高超結結構外延生長穩定性及半導體器件製備的方法)	ZL202210501406.2	May 9, 2022	May 9, 2042	PRC
21.	Our Company	Invention	A Double-Pulse Test Circuit and Double-Pulse Test Method (雙脈衝測試電路及雙脈衝測試方法)	ZL202210426667.2	April 21, 2022	April 21, 2042	PRC
22.	Our Company	Invention	A MEMS Microphone and Manufacturing Method (MEMS麥克風及其製備方法)	ZL202210418882.8	April 20, 2022	April 20, 2042	PRC
23.	Our Company	Invention	A MEMS Microphone and Manufacturing Method (MEMS麥克風及其製備方法)	ZL202210418883.2	April 20, 2022	April 20, 2042	PRC
24.	Our Company	Invention	An SiC JBS Device and Manufacturing Method (一種SiC JBS器件及其製備方法)	ZL202210171014.4	February 23, 2022	February 23, 2042	PRC
25.	Our Company	Invention	An SiC MOSFET Device Manufacturing Method (一種SiC MOSFET器件的製備方法)	ZL202210169853.2	February 23, 2022	February 23, 2042	PRC
26.	Our Company	Invention	A Shielded Gate Trench Field-Effect Transistor Manufacturing Method (一種屏蔽柵溝槽場效應晶體管的製備方法)	ZL202111582066.2	December 22, 2021	December 22, 2041	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
27.	Our Company	Invention	A MEMS Microphone and Manufacturing Method (MEMS麥克風及其製備方法)	ZL202111114623.8	September 23, 2021	September 23, 2041	PRC
28.	Our Company	Invention	A High-Current SiC Schottky Power Diode and Manufacturing Method (一種大電流SiC肖特基功率二極管及其製備方法)	ZL202111007254.2	August 30, 2021	August 30, 2041	PRC
29.	Our Company	Invention	An SiC Schottky Power Diode and Manufacturing Method (一種SiC肖特基功率二極管及其製備方法)	ZL202111005103.3	August 30, 2021	August 30, 2041	PRC
30.	Our Company	Invention	An SiC Schottky Power Diode and Manufacturing Method (一種SiC肖特基功率二極管及其製備方法)	ZL202111005198.9	August 30, 2021	August 30, 2041	PRC
31.	Our Company	Invention	An SiC Schottky Power Diode and Manufacturing Method (一種SiC肖特基功率二極管及其製備方法)	ZL202111007308.5	August 30, 2021	August 30, 2041	PRC
32.	Our Company	Invention	A MEMS Microphone Structure and Manufacturing Method (一種MEMS麥克風結構及其製作方法)	ZL202110439621.X	April 23, 2021	April 23, 2041	PRC
33.	Our Company	Invention	A Power Switch Device Structure and Manufacturing Method (一種功率開關器件結構及其製作方法)	ZL202110383111.5	April 9, 2021	April 9, 2041	PRC
34.	Our Company	Invention	A Shielded Gate Trench Field-Effect Transistor Structure and Manufacturing Method (屏蔽柵溝槽場效應晶體管結構及其製備方法)	ZL202110358023.X	April 1, 2021	April 1, 2041	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
35.	Our Company	Invention	A MOSFET Device with Integrated PiN Structure Temperature Sensor and Manufacturing Method (一種集成PiN結構溫度傳感器的MOSFET器件及其製備方法)	ZL202011322785.6	November 23, 2020	November 23, 2040	PRC
36.	Our Company	Invention	A MOSFET Device Based on Epitaxial Channel and Manufacturing Method (一種基於外延溝道的MOSFET器件及其製備方法)	ZL202011322803.0	November 23, 2020	November 23, 2040	PRC
37.	Our Company	Invention	A MEMS Microphone and Manufacturing Method (MEMS麥克風及其製備方法)	ZL202011005047.9	September 23, 2020	September 23, 2040	PRC
38.	Our Company	Invention	A Bone Conduction Sound Processing System, Bone Conduction Microphone, and Signal Processing Method (骨傳導聲音處理系統、骨傳導麥克風及其信號處理方法)	ZL202010846221.6	August 21, 2020	August 21, 2040	PRC
39.	Our Company	Utility Model	A Standard Cell Layout Structure and Chip Layout Structure (一種標準單元版圖結構與芯片版圖結構)	ZL202223118287.7	November 23, 2022	November 23, 2032	PRC
40.	Our Company	Utility Model	A Sigma-Delta Modulator Layout Structure (一種Sigma-Delta調製器的版圖結構)	ZL202222899469.6	November 1, 2022	November 1, 2032	PRC
41.	Our Company	Utility Model	A MEMS Microphone and Backplate (MEMS麥克風及其背極板)	ZL202121833212.X	August 6, 2021	August 6, 2031	PRC
42.	Our Company	Utility Model	A MEMS Microphone and Backplate (MEMS麥克風及其背極板)	ZL202121830903.4	August 6, 2021	August 6, 2031	PRC

No.	Owner	Type	Patent	Registration No.	Application Date	Expiry Date	Place of Application
43.	Our Company	Utility Model	A MEMS Microphone (MEMS麥克風)	ZL202121637449.0	July 19, 2021	July 19, 2031	PRC
44.	Our Company	Utility Model	A Thermopile (一種熱電堆)	ZL202121080654.1	May 19, 2021	May 19, 2031	PRC
45.	Our Company	Utility Model	A Back-Entry MEMS Microphone Structure and Packaging Structure (一種背進音式MEMS麥克風結構及其封裝結構)	ZL202120368917.2	February 8, 2021	February 8, 2031	PRC
46.	Our Company	Utility Model	A MEMS Microphone Structure (一種MEMS麥克風結構)	ZL202022333076.X	October 19, 2020	October 19, 2030	PRC
47.	Our Company	Utility Model	A MEMS Microphone Structure (一種MEMS麥克風結構)	ZL202022333077.4	October 19, 2020	October 19, 2030	PRC
48.	Our Company	Utility Model	A Flexible Membrane and Silicon Microphone (柔性膜及矽麥克風)	ZL202021592485.5	August 4, 2020	August 4, 2030	PRC
49.	Our Company	Utility Model	A Flexible Membrane and Silicon Microphone (柔性膜及矽麥克風)	ZL202020509813.4	April 9, 2020	April 9, 2030	PRC
50.	Our Company	Utility Model	A MEMS Microphone (MEMS麥克風)	ZL202020367978.2	March 20, 2020	March 20, 2030	PRC

(d) IC layout design

As of the Latest Practicable Date, we have registered the following layout design which we consider to be material to our business:

No.	Applicant	Design Name	Registration No.	Application Date	Expiry Date	Place of Application
1.	Our Company	AK650SJ7D8	BS.245587608	November 5, 2024	November 5, 2034	PRC
2.	Our Company	AKY0TN10A	BS.24558031X	October 15, 2024	October 15, 2034	PRC
3.	Our Company	AS26BN65A	BS.245570020	September 9, 2024	September 9, 2034	PRC
4.	Our Company	AKW7CMK2A	BS.245562605	August 16, 2024	August 16, 2034	PRC
5.	Our Company	AKU0CM65A-D1	BS.245562575	August 16, 2024	August 16, 2034	PRC
6.	Our Company	AKV0CMK2A	BS.245562583	August 16, 2024	August 16, 2034	PRC
7.	Our Company	AKV1CMK2A	BS.245562591	August 16, 2024	August 16, 2034	PRC
8.	Our Company	AKY5GN4A	BS.245562567	August 16, 2024	August 16, 2034	PRC
9.	Our Company	AS22BN65A	BS.245552464	July 18, 2024	July 18, 2034	PRC
10.	Our Company	AKT6DK2AF	BS.245552456	July 18, 2024	July 18, 2034	PRC
11.	Our Company	AS23BN65A	BS.245552480	July 18, 2024	July 18, 2034	PRC
12.	Our Company	AS24BN65A	BS.245552510	July 18, 2024	July 18, 2034	PRC
13.	Our Company	AS25BN65A	BS.245552529	July 18, 2024	July 18, 2034	PRC
14.	Our Company	AKW6GN4A	BS.245542035	June 14, 2024	June 14, 2034	PRC
15.	Our Company	AKM6GN3A	BS.245542027	June 14, 2024	June 14, 2034	PRC
16.	Our Company	AS15SN65AF	BS.245542051	June 14, 2024	June 14, 2034	PRC
17.	Our Company	AKX7TN1AE	BS.245542043	June 14, 2024	June 14, 2034	PRC
18.	Our Company	AKQ3CMK2A-D1	BS.235610348	December 22, 2023	December 22, 2033	PRC
19.	Our Company	AKS8GN15A	BS.235615099	December 29, 2023	December 29, 2033	PRC
20.	Our Company	AKS6CMK2A	BS.235610380	December 22, 2023	December 22, 2033	PRC
21.	Our Company	AS09SN65AF	BS.235615110	December 29, 2023	December 29, 2033	PRC
22.	Our Company	AS08SN65AF	BS.235615102	December 29, 2023	December 29, 2033	PRC
23.	Our Company	AKS7CMK2A	BS.235610399	December 22, 2023	December 22, 2033	PRC
24.	Our Company	AKD9BN65A	BS.235596639	November 20, 2023	November 20, 2033	PRC

No.	Applicant	Design Name	Registration No.	Application Date	Expiry Date	Place of Application
25.	Our Company	AKR4BNK2A	BS.235596663	November 20, 2023	November 20, 2033	PRC
26.	Our Company	AKU2D65AF	BS.235596671	November 20, 2023	November 20, 2033	PRC
27.	Our Company	AKT0TP4B	BS.235585068	October 13, 2023	October 13, 2033	PRC
28.	Our Company	AKT0TP4A	BS.23558505X	October 13, 2023	October 13, 2033	PRC
29.	Our Company	AKK9CMK7A-D1	BS.235574287	September 7, 2023	September 7, 2033	PRC
30.	Our Company	AKN8CM65A	BS.235574295	September 7, 2023	September 7, 2033	PRC
31.	Our Company	AKD8BNK2B	BS.235574317	September 7, 2023	September 7, 2033	PRC
32.	Our Company	AKE9CMK2A	BS.235569038	August 23, 2023	August 23, 2033	PRC
33.	Our Company	AK1K2FR1D1	BS.235574309	September 7, 2023	September 7, 2033	PRC
34.	Our Company	AKH9CMK2A	BS.235568961	August 23, 2023	August 23, 2033	PRC
35.	Our Company	AKR3DNK2AF	BS.235574325	September 7, 2023	September 7, 2033	PRC
36.	Our Company	AKT4GN4A	BS.235565180	August 11, 2023	August 11, 2033	PRC
37.	Our Company	AKE8CMK2A	BS.23556902X	August 23, 2023	August 23, 2033	PRC
38.	Our Company	AKN7CM65A	BS.235568988	August 23, 2023	August 23, 2033	PRC
39.	Our Company	AKP5GN6A	BS.235546593	June 16, 2023	June 16, 2033	PRC
40.	Our Company	AKE0D65AF	BS.235553190	July 6, 2023	July 6, 2033	PRC
41.	Our Company	AKP8GN4A	BS.235553204	July 6, 2023	July 6, 2033	PRC
42.	Our Company	AKD6BNK2B	BS.235536148	May 19, 2023	May 19, 2033	PRC
43.	Our Company	AK1K2FRD77	BS.235536156	May 19, 2023	May 19, 2033	PRC
44.	Our Company	AK1K2FR1D9	BS.235531472	May 6, 2023	May 6, 2033	PRC
45.	Our Company	AKD7BNK2B	BS.235531480	May 6, 2023	May 6, 2033	PRC
46.	Our Company	AKM5GN6A	BS.235521256	April 6, 2023	April 6, 2033	PRC
47.	Our Company	AKE6CMK2A-GR	BS.235513296	March 6, 2023	March 6, 2033	PRC
48.	Our Company	AKA0801_DBH	BS.235503584	January 28, 2023	January 28, 2033	PRC
49.	Our Company	AKA7TN4A	BS.235501166	January 6, 2023	January 6, 2033	PRC
50.	Our Company	AKA2T4A	BS.23550114X	January 6, 2023	January 6, 2033	PRC
51.	Our Company	AK96T2A	BS.235501131	January 6, 2023	January 6, 2033	PRC

No.	Applicant	Design Name	Registration No.	Application Date	Expiry Date	Place of Application
52.	Our Company	AKF6TN6A	BS.225623110	December 2, 2022	December 2, 2032	PRC
53.	Our Company	AK95T4A	BS.225627159	December 14, 2022	December 14, 2032	PRC
54.	Our Company	AG01GN10A	BS.225627132	December 14, 2022	December 14, 2032	PRC
55.	Our Company	AKA0108_E	BS.225615428	November 9, 2022	November 9, 2032	PRC
56.	Our Company	AKA1CDK2A-DA-D6	BS.22561541X	November 9, 2022	November 9, 2032	PRC
57.	Our Company	AKK6GN10A	BS.225605538	October 11, 2022	October 11, 2032	PRC
58.	Our Company	AK95T4A	BS.225605481	October 11, 2022	October 11, 2032	PRC
59.	Our Company	AKK5GN15A	BS.225605511	October 11, 2022	October 11, 2032	PRC
60.	Our Company	AKH5GN3A	BS.225603381	September 30, 2022	September 30, 2032	PRC
61.	Our Company	AKH8GN3A	BS.22560339X	September 30, 2022	September 30, 2032	PRC
62.	Our Company	AKA1CDK2A-DA-D4	BS.225588099	August 17, 2022	August 17, 2032	PRC
63.	Our Company	AKA0106M2D	BS.225578158	July 19, 2022	July 19, 2032	PRC
64.	Our Company	AKB2G4A	BS.225578166	July 19, 2022	July 19, 2032	PRC
65.	Our Company	AKE1CD65A-C1	BS.225572532	July 4, 2022	July 4, 2032	PRC
66.	Our Company	AK80G3A	BS.225561514	June 9, 2022	June 9, 2032	PRC
67.	Our Company	AKA6G10A	BS.225561522	June 9, 2022	June 9, 2032	PRC
68.	Our Company	AK15NE70D	BS.225552507	May 17, 2022	May 17, 2032	PRC
69.	Our Company	AK20NE25D	BS.225552523	May 17, 2022	May 17, 2032	PRC
70.	Our Company	AK15NE110D	BS.225552515	May 17, 2022	May 17, 2032	PRC
71.	Our Company	AKE1CD65A-A1	BS.225536188	April 5, 2022	April 5, 2032	PRC
72.	Our Company	Signal Conditioning Digital Interface Chip (信號調理數字接口芯片) AKA02062	BS.225501546	January 6, 2022	January 6, 2032	PRC
73.	Our Company	Signal Conditioning Chip (信號調理芯片) AKA01062	BS.225501457	January 6, 2022	January 6, 2032	PRC

No.	Applicant	Design Name	Registration No.	Application Date	Expiry Date	Place of Application
74.	Our Company	Signal Conditioning Chip (信號調理芯片) AKA0108	BS.225501503	January 6, 2022	January 6, 2032	PRC
75.	Our Company	AKE1CD65A-B1	BS.225536196	April 5, 2022	April 5, 2032	PRC
76.	Our Company	Signal Conditioning Chip (信號調理芯片) AKA01066	BS.225513056	January 28, 2022	January 28, 2032	PRC
77.	Our Company	AKM2A31	BS.225512610	January 27, 2022	January 27, 2032	PRC
78.	Our Company	Signal conditioning chip (信號調理芯片) AKA01065	BS.225513048	January 28, 2022	January 28, 2032	PRC
79.	Our Company	AKC650D6-A37	BS.225512874	January 27, 2022	January 27, 2032	PRC
80.	Our Company	AKA4G4A	BS.225512882	January 27, 2022	January 27, 2032	PRC
81.	Our Company	AKC1K2M20-A39	BS.225512866	January 27, 2022	January 27, 2032	PRC
82.	Our Company	Signal conditioning digital interface chip (信號調理數字接口芯片) AKA02061	BS.22550152X	January 6, 2022	January 6, 2032	PRC
83.	Our Company	AS45SN65A	BS.245603948	December 22, 2024	December 22, 2034	PRC
84.	Our Company	AKA0807_A1	BS.245603956	December 22, 2024	December 22, 2034	PRC
85.	Our Company	AKX4CMK2A	BS.245606459	December 29, 2024	December 29, 2034	PRC
86.	Our Company	AKT7DK2AF	BS.245606467	December 30, 2024	December 30, 2034	PRC
87.	Our Company	AKT8DK2AF	BS.245606475	December 30, 2024	December 30, 2034	PRC
88.	Our Company	AKZ2GN6A	BS.245606483	December 30, 2024	December 30, 2034	PRC
89.	Our Company	AKZ6GN6A	BS.245606491	December 30, 2024	December 30, 2034	PRC
90.	Our Company	AS11BNK2A	BS.245606505	December 30, 2024	December 30, 2034	PRC
91.	Our Company	AW01TP1A	BS.245606513	December 30, 2024	December 30, 2034	PRC

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the **[REDACTED]** (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name of Director/ chief executive	Position	Nature of Interest	Number and Type of Shares	Approximate Percentage of Shareholding in the Relevant Type of Shares(1)	Approximate Percentage of Shareholding in the Total Share Capital of our Company(1)
Dr. Guo(2)	Chairperson of the Board, executive Director, chief executive officer and general manager	Interest in controlled corporation	84,838,770 H Shares	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** and the Share Subdivision (assuming that the **[REDACTED]** is not exercised). The number of Shares were presented based on the assumption that the Share Subdivision is completed.

(2) Dr. Guo is the general partner of Ruishixin. Therefore, Dr. Guo is deemed to be interested in the Shares held by Ruishixin under the SFO.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the **[REDACTED]**, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this document.

3. Service Contracts

Each of our Directors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of the approval at the relevant Company's general meeting and ending on the expiration of the term of office of the prevailing session of the Board (with respect to Directors); and (b) termination provisions in accordance with their respective terms.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this document and note 14 to the Accountants' Report, for the financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations of benefits in kind from us.

5. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this document, none of our Directors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

(b) Save in connection with the **[REDACTED]** and the **[REDACTED]**, none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix.

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) Save as disclosed in this section and the section headed "Directors and Senior Management" in this document, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are **[REDACTED]** on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

(d) So far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Ruishixin, Shanghai Xiujun, Shanghai Yanding and Shanghai Yuhengxin were established as our employee shareholding platforms. As of the Latest Practicable Date, Ruishixin held approximately 49.78% of our total issued Shares, and Shanghai Xiujun, Shanghai Yanding and Shanghai Yuhengxin held 9.91%, 2.65% and 1.14% of the partnership interest in Ruishixin, respectively. Each of Ruishixin, Shanghai Xiujun and Shanghai Yanding is governed by the 2021 Share Incentive Scheme (as defined below), while Shanghai Yuhengxin is governed by the 2025 Share Incentive Scheme (as defined below). None of these incentive schemes are subject to the provisions of Chapter 17 of the Listing Rules, as they do not involve the grant of new Shares or awards by the Company after the **[REDACTED]**.

The 2021 Share Incentive Scheme

(a) Purposes

Pursuant to the employee share incentive scheme adopted on November 26, 2021 (the "**2021 Share Incentive Scheme**"), the purposes of the 2021 Share Incentive Scheme are to enhance corporate governance and establish a structured long-term incentive system. It aims to strengthen the sense of responsibility and mission among the management and core staff, promote stable growth, and support the company's long-term strategic goals.

(b) Eligible Participants

Eligible participants include co-founders of the Company, directors, senior management and employees of the Company, external consultant of the Company or any employee who is deemed by the manager of the 2021 Share Incentive Scheme as having material impact on the operating results and future development of the Company.

(c) Adjustment

In the event of any capital reserve conversion into Shares of the Company, the number of the awarded Shares indirectly held by the participants through Ruishixin, Shanghai Xiujun and Shanghai Yanding may be adjusted by the manager of the 2021 Share Incentive Scheme accordingly.

(d) Lock-up

Participants of the 2021 Share Incentive Scheme are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules commencing on the date of the 2021 Share Incentive Scheme and ending on the expiry of 12 months following the **[REDACTED]**. During this period, participants may not transfer, pledge, or use the shares as collateral.

(e) Treatment under Special Circumstances

If a participant (i) resigns voluntarily, (ii) passes away, (iii) violates any applicable laws and regulations or the employment contract, or (iv) is dismissed due to any misconduct or negligence, the manager of the 2021 Share Incentive Scheme has the right to repurchase all awards held by the participant.

The 2025 Share Incentive Scheme

(a) Purposes

Pursuant to the employee share incentive scheme adopted on July 21, 2025 (the "**2025 Share Incentive Scheme**"), the purposes of the 2025 Share Incentive Scheme are to enhance corporate governance and establish a structured long-term incentive system. It aims to strengthen the sense of responsibility and mission among the management and core staff, promote stable growth, and support the company's long-term strategic goals.

(b) Eligible Participants

Eligible participants include co-founders of the Company, directors, senior management and employees of the Company, or any employee who is deemed by the manager of the 2025 Share Incentive Scheme as having material impact on the operating results and future development of the Company.

(c) Adjustment

In the event of any capital reserve conversion into Shares of the Company, the number of the awarded Shares indirectly held by the participants through Shanghai Yuhengxin may be adjusted by the manager of the 2025 Share Incentive Scheme accordingly.

(d) Lock-up

Participants of the 2025 Share Incentive Scheme are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules commencing on the date of the 2025 Share Incentive Scheme and ending on the expiry of 12 months following the **[REDACTED]**. During this period, participants may not transfer, pledge, or use the shares as collateral.

(e) Treatment under Special Circumstances

If a participant (i) resigns voluntarily, (ii) passes away, (iii) violates any applicable laws and regulations or the employment contract, or (iv) is dismissed due to any misconduct or negligence, the manager of the 2025 Share Incentive Scheme has the right to repurchase all awards held by the participant.

Details of the awards granted

Details of the participants of our employee shareholding platforms as of the date of this document are set out as follows:

			As of the date of this document	
Name of participants	**Position(s) held within our Group**	**Shareholding Platforms**	**Approximate percentage of interests held in the relevant platform**	**Approximate shareholding percentage in the total number of Shares in issue corresponding to the interests held in the relevant platform**
Directors				
Dr. Guo	Chairperson of our Board, executive Director, chief executive officer and general manager	Ruishixin Shanghai Xiujun	51.64% 0.51%	25.71% 0.03%
Mr. Li Weigang	Executive Director and deputy general manager	Ruishixin Shanghai Xiujun	17.47% 0.51%	8.70% 0.03%
Mr. Chen Kaiyu	Executive Director and deputy general manager	Ruishixin	1.83%	0.91%
Mr. Li Xin	Executive Director, deputy general manager and chief financial officer	Ruishixin	9.64%	4.80%
Mr. Wang Yiming	Executive Director	Shanghai Yanding	18.99%	0.25%
Senior Management				
Mr. Wang Qingsong	Deputy general manager	Ruishixin	5.07%	2.52%
Mr. Zheng Zhaoxing	Deputy general manager	Ruishixin	0.66%	0.33%
Ms. Luo Xi	Deputy general manager	Shanghai Yuhengxin	63.89%	0.36%
Mr. Wang Shu	Board secretary	Shanghai Xiujun	2.03%	0.10%
Other participants				
Other 50 participants	Employees and former employees	Shanghai Xiujun Shanghai Yanding Shanghai Yuhengxin	96.95% 81.01% 36.11%	4.78% 1.07% 0.20%

Note: For illustrating the indirect interests of grantees in our Company, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests by the total number of Shares held by the relevant employee shareholding platforms.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$500,000 to act as a sponsor to our Company in connection with the **[REDACTED]**.

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
China Merchants Securities (HK) Co., Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities as defined under the SFO

(in no particular order)

Name	Qualifications
BDO Limited	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
AllBright Law Offices	Company's PRC legal adviser
China Insights Industry Consultancy Limited	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to their respective names in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix IV to this document.

(b) Consultation with Professional Advisers

Potential investors in the **[REDACTED]** are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or **[REDACTED]** in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, or any other person or party involved in the **[REDACTED]** accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, **[REDACTED]** in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2025 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 44 shareholders of our Company as of December 5, 2024 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the **[REDACTED]** and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices IV and V to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VI to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.alkaidsemi.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report prepared by BDO Limited, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the financial years ended December 31, 2023, 2024 and 2025;

(d) the report prepared by BDO Limited on the unaudited **[REDACTED]** financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by CIC referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by AllBright Law Offices, our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VI to this document;

(h) the service contracts referred to in the paragraph headed "Further Information about Our Directors and Substantial Shareholders — 3. Service Contracts" in Appendix VI to this document;

(i) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this document; and

(j) the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and Guidelines for Articles of Association of Listed Companies issued by the CSRC together with unofficial English translations thereof.