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Application Proof of



VeriSilicon Microelectronics (Shanghai) Co., Ltd.

芯原微电子(上海)股份有限公司

(the “Company”)

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

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VeriSilicon Microelectronics (Shanghai) Co., Ltd. 芯原微电子(上海)股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the
the [REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share plus brokerage
of 1.0%, SFC transaction levy of 0.0027%,
Stock Exchange trading fee of 0.00565% and
AFRC transaction levy of 0.00015% (payable
in full on application in Hong Kong dollars
and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED], [REDACTED]



CITIC SECURITIES



UBS 瑞銀集團

(in alphabetical order)

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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.verisilicon.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. See “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” sections for further details.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

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[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

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 this document in its entirety before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

Who We Are

We are a leading public company that provides custom silicon solutions, leveraging our comprehensive and proprietary portfolio of semiconductor IPs. Founded in 2001 and headquartered in Shanghai, we operate on a unique “Silicon Platform as a Service” (“SiPaaS”) business model, offering custom silicon solution and semiconductor IP licensing services. We are well-positioned as a critical ecosystem player at the intersection of semiconductor IP, design service, and industry collaboration, enabling customers across the globe to innovate efficiently in the AI era.

According to CIC, we are a top-tier proprietary IP player, holding the largest number of IP categories across both digital IPs and analog & mixed-signal and radio frequency (“RF”) IPs as of December 31, 2025 and are the second-largest semiconductor IP provider globally that primarily focused on digital IP in terms of IP revenue in 2025. We are also the largest IP provider in Chinese mainland and the eighth-largest globally in terms of IP revenue in 2025, and the sixth-largest global IP provider in terms of IP licensing revenue in 2025.

We are also a pioneering custom silicon solution provider, with a proven track record in delivering complex system-on-chip (“SoC”) and system-in-package (“SiP”) as well as low-energy and cost effective silicon design solutions. We are the world’s fourth-largest full-stack custom silicon solution provider in terms of revenue in 2025, and the largest player in Chinese mainland, according to CIC. As of December 31, 2025, we have successfully executed numerous projects across a broad spectrum of process nodes, including the 4nm FinFET and 22nm FD-SOI process nodes, which illustrates the breadth and depth of our IP and design capabilities.

Our Business Model

Our business model reflects the ongoing paradigm shift in the traditional semiconductor value chain. As a foundational enabler, our SiPaaS model spearheads the industry-wide shift towards “design-lite.” By deeply integrating an extensive portfolio of proprietary semiconductor IPs with comprehensive custom silicon capabilities, our customers can offload their complex IC design execution and mass production processes to us. This significantly empowers both chip companies (including fabless companies and integrated device manufacturers (“IDMs”)) and system vendors (Internet companies, cloud service providers (“CSPs”), automotive companies and original equipment manufacturers (“OEMs”)), enabling them to focus on product definition and core architecture innovation while substantially lowering their operational expenditures. This model also helps insulate us from the inherent cyclicity experienced by traditional chip product companies.

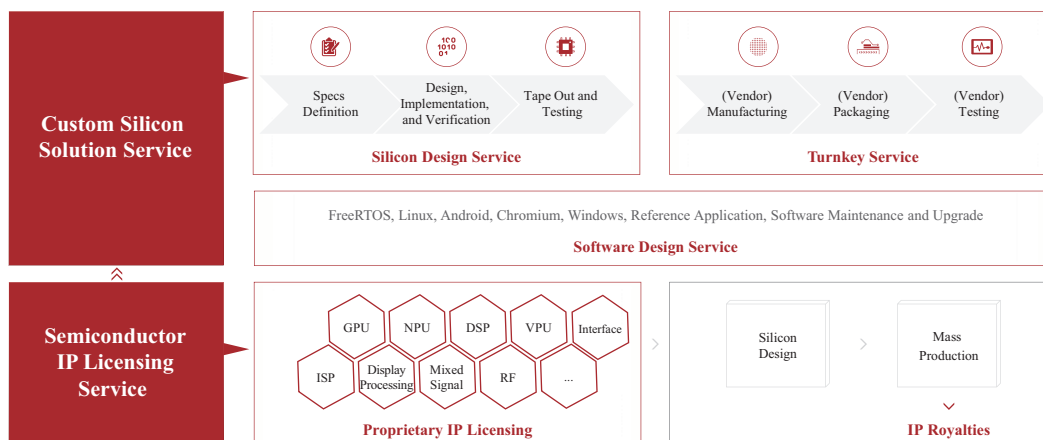
SiPaaS — Silicon Platform as a Service

Our core business model is Silicon Platform as a Service (SiPaaS). Characterized by its platform-based, comprehensive, and one-stop service nature (from specification to mass production), SiPaaS provides us with a high competitive barrier.

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Unlike the models of traditional fabless companies, the SiPaaS model is anchored by our extensive proprietary portfolio of semiconductor IPs, including processor IPs and analog & mixed-signal IPs (including RF IPs and interface IPs). By performing system-level optimization on these IPs, we have created a flexible and reusable design platforms. This not only significantly reduces customers’ design time, costs, and risks, but also enables us to provide a complete service ranging from chip definition, front-end and back-end design, and software design, to mass production management and delivery.

In addition, unlike chip companies, our SiPaaS model does not involve manufacturing or selling proprietary branded chips. We focus on providing custom silicon solution service and semiconductor IP licensing service based on our deep technological expertise.



Our revenue is derived from two highly synergistic businesses:

Custom Silicon Solution Service

Our custom silicon solution service consists of the following two components:

- **design service:** We provide silicon design service from specification definition to tape-out, generating non-recurring engineering (NRE) revenue. This service includes architecture definition, software design, IP selection and integration, RTL design, verification, physical implementation, and prototyping. Our platform-based model enables us to leverage our design expertise and scale that across a diverse client base, significantly enhancing design efficiency;
- **turnkey service:** We manage the entire production process from wafer fabrication to packaging, testing, and logistics, generating scalable mass-production revenue based on shipment volume. Our turnkey service is also scalable, allowing us to manage the significant growth in mass production volumes with a logistic operation team with relatively fixed size. This enables our profitability to scale across the business as our customers’ production volumes increase.

Semiconductor IP Licensing Service

Our semiconductor IP licensing service is divided into two phases:

- **IP licensing:** We grant customers the right to use our IPs in their chip designs and collect licensing revenue. The substantial costs required to create our IP portfolio are incurred upfront and recognized as research and development expenses. Once validated, these IPs can be licensed repeatedly with minimum incremental costs. In alignment with increasing market demand, we anticipate our high-margin IP licensing revenue will improve our financial performance;

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- **IP royalties:** We collect IP royalties based on the volume of chips shipped that integrate our IPs, forming a scalable revenue stream that grows alongside our customers’ success; and as more designs incorporating our IP enter mass production, these royalties will increasingly contribute to our profitability.

Our revenue is diversified both by end-market application and by customer type. We offer our services across a wide range of applications, including data processing, consumer electronics, IoT, computers and peripherals, industrial, and automotive electronics. Our customer base includes chip companies (fabless companies and IDMs) and system vendors (Internet companies, CSPs, automotive companies and other OEMs).

From SiPaaS to AiPaaS (AI Platform as a Service)

Our business model, SiPaaS, is inherently flexible and not bound by any specific application domain. As AI becomes pervasive, this model naturally extends into AI-specific platforms — what we refer to as our AI Platform as a Service (“**AiPaaS**”), with SiPaaS remaining the core of our platform.

As shift to the AI era accelerates, we provide customers with:

- **a rich AI processor IP portfolio:** This portfolio is centered around a scalable neural network processor technology architected to deliver highly efficient computing across a full spectrum of AI workloads. Its capabilities include optimization not only for generative AI applications like large language models (“LLMs”) and AIGC, but also for established convolution-based models and the complex mixed workloads found in real-world applications. This foundation enables a series of deeply integrated AI-enabled IPs, such as AI-ISP, AI-Display and AI-DSP. We have also launched an innovative GPGPU architecture focused on energy efficient compute and have licensed it to multiple players across the ecosystem.

Our services in this area are based on:

- **deeply integrated software and hardware co-design, as well as chip and packaging co-design capabilities:** Our hardware and software co-design approach enables the parallel development of chips and software stacks, accelerating design cycles. We also conduct silicon and packaging co-design to ensure optimal performance and reduce late-stage modifications. Our proprietary, innovative on-chip hardware acceleration service significantly optimizes the performance, power, and area characteristics of custom silicon across diverse and complex AI workloads. Concurrently, we apply our Chiplet and next-generation packaging engineering capabilities to address the increasingly complex requirements of heterogeneous computing, which is becoming more important in the AI era.
- **complete AI ASIC custom services:** Encompassing all stages from chip specification definition, front-end and back-end design, to mass production management and delivery, we provide a highly reliable complete process that shortens customers’ R&D cycles.

Leveraging these core capabilities, we have established our custom silicon solutions that span:

- **cloud computing platforms:** engineered for power efficient, data-intensive processing in data centers and servers.
- **edge AI computing platforms:** delivering “always-on,” ultra-low energy, ultralight spatial computing devices such as smartwatches and AI/AR glasses, AI toys, AI rings as well as high-efficiency edge computing devices such as AI PCs, AI smartphones, intelligent vehicles, and robotics.

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AI ASIC presents a historic opportunity

The launch of ChatGPT in 2022 catalyzed a new era of computing demand, requiring massive AI infrastructure centered on high-performance chips. To achieve superior energy efficiency and lower latency than general-purpose processors, system vendors worldwide are increasingly pivoting to proprietary, AI-specific custom silicon solutions, or “AI ASICs.”

We have successfully established ourselves as a trusted partner for leading CSPs globally, while simultaneously positioning for the emerging edge AI market, including the existing market for AI smartphones, AI PCs and AI Pads, as well as emerging markets for AI/AR glasses, AI toys, AI rings, and intelligent vehicles, among others. Our AI-related IP portfolio has scored substantial design wins, and our financial performance reflects this strategic positioning.

Global Strategy and Ecosystem

We have established a global R&D and sales network, operating nine R&D centers (located in Shanghai, Chengdu, Beijing, Nanjing, Haikou, and Guangzhou, China; Silicon Valley and Dallas in the United States; and Ho Chi Minh City, Vietnam) and 11 sales and customer support offices worldwide as of December 31, 2025. This strategic footprint enables us to attract top talent, enhance R&D efficiency, and deliver high-quality, localized services to our customers.



Note: illustration of our global footprint

Our revenue structure also reflects our global presence: our overseas revenue accounted for 22.8% of total revenue in 2023, 36.5% in 2024, and 32.6% in 2025. We also maintain long-term collaboration with leading international customers, including Samsung, Google, Amazon, Microsoft, Baidu, Tencent, and Alibaba. Our strategic collaboration with Google is a milestone in our edge AI strategy. Based on the Open Se Cura open-source project, we jointly developed the ultra-low-energy Coral NPU IP tailored for edge LLMs. By combining Google’s open-source technology with our enterprise-grade IP and custom silicon solution service, the Coral NPU provides an “always-on,” ultra-low-energy and ultra-lightweight computing foundation for AI glasses, wearable devices and AI toys and similar applications. In parallel, we have established deep, long-term collaborative relationships with leading global foundries and OSAT partners, including foundries such as TSMC, Samsung, SMIC and GlobalFoundries; and OSAT partners such as ASE Technology, Amkor Technology, JCET, and TFME.

We have strengthened our technology portfolio through strategic cross-border acquisitions, such as the DSP division from LSI Logic (2006, forming the foundation of our DSP IP) and Vivante Corporation (2016, adding market-leading high-performance and

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power-efficient GPU IP to our IP portfolio). We are committed to international standards and open collaboration. We actively participate in and co-build global and domestic industry organizations, including the China RISC-V Industry Consortium (CRVIC), Shanghai Open Processor Industry Innovation Center (SOPIC), RISC-V International, OpenHW Group, Chips Alliance, and the UCIE Alliance.

Financial Performance

Benefiting from our unique business model, we achieved strong financial performance during the Track Record Period. Our revenue amounted to RMB2.3 billion, RMB2.3 billion and RMB3.2 billion in 2023, 2024, and 2025, respectively, with 2025 reflecting a significant year-over-year growth of 35.9%. In second half of 2025, our revenue amounted to RMB2.2 billion, representing an increase of 56.8% compared to the second half of 2024 and 123.7% compared to the first half of 2025.

Our new bookings in the second, third, and fourth quarters of 2025 reached RMB1.2 billion, RMB1.6 billion, and RMB2.7 billion, respectively, breaking our historical record for single-quarter new bookings three times. Notably, our new bookings in the fourth quarter of 2025 grew by 70.2% compared to those in the third quarter. In 2025, the total value of new bookings was RMB6.0 billion, a year-over-year increase of 103.4%. Among these new bookings, AI computing-related orders accounted for over 73%, and data-processing end market orders accounted for over 50%, primarily driven by cloud-based AI ASICs and IPs.

As of December 31, 2025, our backlog reached RMB5.1 billion, representing a substantial increase of 54.5% from RMB3.3 billion as of September 30, 2025, and up 111.0% from RMB2.4 billion as of December 31, 2024. This metric has remained at a comparatively high level for nine consecutive quarters. Among our backlog as of December 31, 2025, turnkey service exceeded RMB3.0 billion. Based on the contractual terms of the orders comprising our backlog, we expect over 80% of our backlog as of December 31, 2025 to be converted to revenue within one year, and nearly 60% of the backlog as of December 31, 2025 is from the data-processing end market, primarily driven by cloud-based AI ASICs and IPs.

The IC design industry is characterized by long investment cycles and heavy R&D expenditure, according to CIC. We consistently maintain high R&D investments to build a high competitive barrier ensuring our leading chip design and technology R&D capabilities in the semiconductor IP and custom silicon fields. The net losses recorded during the Track Record Period were the result of deliberate, strategic investments in R&D, where we strategically emphasized campus recruitment to maintain and expand our R&D talent pool and avoided layoffs to preserve our competitive edge during semiconductor downturn from 2022 to 2023, as we anticipated that the emergence of Generative AI would unlock massive potential for custom integrated circuits. In 2023, 2024, and 2025, our R&D expenses accounted for 40.7%, 53.8%, and 41.7% of our revenue, respectively. These foundational investments were essential to strengthen our comprehensive semiconductor IP portfolio and establish from specification to production custom silicon capabilities, creating high barriers to entry and positioning us for long-term growth in the AI era. As our robust orders translate into execution, our previously invested R&D expenditures are progressively deployed into customer projects and generating output, driving a reasonable downward trend in our R&D expense ratio. From 2024 to 2025, our R&D expenses as a percentage of revenue decreased by 12.1%, demonstrating the continuous optimization of our operational efficiency and the emergence of economies of scale.

RESEARCH AND DEVELOPMENT

Our R&D activities are primarily driven by market trends and customer requirements, and are focused on, processor IPs, IP subsystem, analog and mixed-signal IPs, including RF IPs and interface IP, and software platforms, as well as key design methodologies. These R&D-driven capabilities allow us to apply advanced manufacturing processes and packaging that support the delivery of custom design projects under our SiPaaS business model. As of December 31, 2025, we have established R&D centers in nine cities (including locations in Chinese mainland and overseas), which allows us to incorporate newly-developed and leading technologies into our R&D projects.

SALES AND MARKETING

We have established a global sales and marketing platform to support our business growth and deepen our engagement with key customers. We maintain sales and technical

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support teams in a number of locations in which our major customers are located, including China, the United States, Europe, Japan and South Korea. This network enables us to closely monitor market developments and customer requirements and effectively promote and deliver our services across our target markets.

Our regional sales teams work in close coordination with our technical support team to provide customers with timely and localized support. Through this integrated sales and technical support model, we aim to improve our responsiveness to customer requests, enhance customer satisfaction, and foster long-term strategic relationships with leading industry participants in our key markets.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily consist of chip companies (including fabless companies and IDMs) and system vendors (including Internet companies, CSPs, automotive companies and other OEMs). As of December 31, 2025, we had served approximately 350 customers for our custom silicon solution service and more than 465 customers for our IP licensing service. In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB1,086.7 million, RMB1,033.0 million and RMB1,434.3 million, respectively, accounting for 46.7%, 44.6% and 45.6% of our total revenue in these respective years. In 2023, 2024 and 2025, sales to our largest customer amounted to RMB535.1 million, RMB469.2 million and RMB503.9 million, respectively, accounting for 23.0%, 20.3% and 16.0% of our total revenue in these respective years.

Our Suppliers

Our major suppliers primarily consist wafer foundries, OSAT partners and IP/EDA suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB656.7 million, RMB803.8 million and RMB1,297.6 million, respectively, accounting for 73.6%, 67.2% and 67.7% of our total purchases in these respective years. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB264.3 million, RMB213.8 million and RMB546.1 million, respectively, accounting for 29.6%, 17.9% and 28.5% of our total purchases in these respective years.

OUR COMPETITIVE STRENGTHS

We believe the following advantages position us well to seize future industry opportunities and achieve sustained growth:

- a unique SiPaaS business model amplifying synergies and delivers structural advantages
- our advanced and comprehensive semiconductor IP portfolio
- strong custom silicon capabilities from specification to mass production
- global presence with strong and expanding industry ecosystem partners across the industry chain
- continuous R&D investments driving innovation and technological advancements
- experienced management team and sustainable talent culture

OUR GROWTH STRATEGIES

We intend to reinforce our position as a leading public custom silicon solution service provider. To achieve this goal, we plan to pursue the following strategies:

- from IP to AI-enabled IP
- from SoC to SiP
- from cloud AI ASIC to edge AI ASIC

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- deepening global ecosystem collaboration
- continued investment in talent and active fulfillment of corporate social responsibility
- pursuing M&A and strategic investment

COMPETITION

The markets for our services are highly competitive and are characterized by rapid technological change, evolving industry standards and changing customer requirements. Our customers and potential customers also seek to manage their overall cost of design and may consolidate their procurement with a limited number of vendors. We compete with other providers of semiconductor IP and design services, as well as with in-house engineering teams of semiconductor companies that develop IP or undertake design work internally. As the markets in which we operate continue to develop, we expect existing competitors to increase their investments and new market participants to emerge. See “Industry Overview” for details relating to our competitive landscape.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables sets forth summary financial data from our consolidated financial information during the Track Record Period. 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 as set out in the Accountants’ Report in Appendix I to this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

Results of Operations

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Revenue	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0
Cost of sales	(1,289,294)	(55.4)	(1,392,953)	(60.1)	(2,074,688)	(65.9)
Gross profit	1,039,659	44.6	924,023	39.9	1,073,715	34.1
Other income	66,859	2.9	61,380	2.6	63,997	2.0
Other gains and losses . .	(405)	(0.0)	19,586	0.8	12,239	0.4
Research and development (“R&D”) expenses	(947,223)	(40.7)	(1,247,302)	(53.8)	(1,312,692)	(41.7)
Administrative expenses .	(121,771)	(5.2)	(125,381)	(5.4)	(147,006)	(4.7)
Selling and marketing expenses	(114,853)	(4.9)	(119,983)	(5.2)	(127,208)	(4.0)
Other expense	(10,079)	(0.4)	(8,727)	(0.4)	(7,929)	(0.3)
Impairment losses under expected credit loss (“ECL”) model, net reversal	(125,475)	(5.4)	(43,627)	(1.9)	(27,144)	(0.9)
Share of results of associates	(32,757)	(1.4)	(5,686)	(0.2)	113	0.0
Finance costs	(23,179)	(1.0)	(36,166)	(1.6)	(41,355)	(1.3)
Loss before tax	(269,224)	(11.5)	(581,883)	(25.2)	(513,270)	(16.4)
Income tax expenses . . .	(27,243)	(1.2)	(18,996)	(0.8)	(14,543)	(0.5)
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use certain non-IFRS measures, including adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with, the IFRS. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner, as they are aligned with how our management evaluates our operating performance and formulates business plans. However, our adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for analysis of, our results of operations or financial position as reported under the IFRS.

Adjusted loss for the year (a non-IFRS measure) is defined as loss for the year, as adjusted to add back the effect of share-based compensation. Adjusted EBITDA (a non-IFRS measure) is defined as loss for the year, as adjusted to add back the effects of (i) share-based compensation; (ii) interest expenses; (iii) depreciation & amortization; and (iv) income tax expenses.

The following table sets forth the reconciliations of adjusted loss for the year (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) from the IFRS measure loss for the year in absolute amount and as percentage of revenue.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Adjusted loss for the year						
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)
Adjusted for:						
Share-based compensation	3,605	0.2	7,290	0.3	41,613	1.3
Adjusted loss for the year	(292,862)	(12.5)	(593,589)	(25.7)	(486,200)	(15.6)
Adjusted EBITDA						
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)
Adjusted for:						
Share-based compensation	3,605	0.2	7,290	0.3	41,613	1.3
Interest expenses	23,179	1.0	36,166	1.6	41,355	1.3
Depreciation & amortization	185,989	8.0	239,841	10.4	266,350	8.5
Income tax expenses	27,243	1.2	18,996	0.8	14,543	0.5
Adjusted EBITDA	(56,451)	(2.3)	(298,586)	(12.9)	(163,952)	(5.3)

Revenue

We offer custom silicon solution service and IP licensing service. Under our custom silicon solution service, we undertake all or part of the process from chip design to mass production and provide related software design services. We also provide semiconductor IP licensing service by licensing our IPs to customers on a standalone basis, either as individual IPs or as IP platforms.

SUMMARY

By Service

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Custom silicon solution service						
Design service	492,470	21.1	724,794	31.3	876,558	27.9
Turnkey service	1,071,416	46.0	856,214	37.0	1,489,681	47.3
Subtotal	1,563,886	67.1	1,581,008	68.2	2,366,239	75.2
Semiconductor IP licensing service						
IP licensing	655,375	28.1	632,859	27.3	671,253	21.3
IP royalties	109,692	4.7	103,109	4.5	110,911	3.5
Subtotal	765,067	32.9	735,968	31.8	782,164	24.8
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

By End Application

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Data processing	314,718	13.5	552,201	23.8	1,078,735	34.3
Consumer electronics . . .	513,007	22.0	484,939	20.9	676,157	21.5
IoT	961,432	41.3	642,553	27.7	659,092	20.9
Computers and peripherals	197,413	8.5	323,891	14.0	308,406	9.8
Industrial	185,718	8.0	98,254	4.2	216,705	6.9
Automotive electronics . .	156,665	6.7	215,138	9.3	209,308	6.6
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
AI	1,007,075	43.2	1,295,363	55.9	2,030,989	64.5
Non-AI	1,321,878	56.8	1,021,613	44.1	1,117,414	35.5
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

SUMMARY

Gross Profit and Gross Margin

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin ⁽¹⁾	Gross profit	Gross margin ⁽¹⁾	Gross profit	Gross margin ⁽¹⁾
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(in thousands, except for percentages)</i>						
Custom silicon solution service						
Design service	70,720	14.4	93,298	12.9	124,652	14.2
Turnkey service	293,939	27.4	165,209	19.3	270,248	18.1
Subtotal	364,659	23.3	258,507	16.4	394,900	16.7
Semiconductor IP licensing service						
IP licensing	572,957	87.4	567,763	89.7	575,744	85.8
IP royalties	109,692	100.0	103,109	100.0	110,911	100.0
Subtotal	682,649	89.2	670,872	91.2	686,655	87.8
Inventory provision included in cost of sales	(3,548)		(1,747)		(3,451)	
Surcharge and other tax included in cost of sales	(4,101)		(3,609)		(4,389)	
Total/average	1,039,658	44.6	924,023	39.9	1,073,715	34.1

Note:

- (1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

See “Financial Information — Year-on-Year Comparison of Results of Operations.”

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<i>(in thousands)</i>			
Non-current assets	1,688,437	1,991,663	2,031,423
Current assets	2,717,944	2,638,196	5,686,135
Current liabilities	949,996	1,547,239	2,526,694
Net current assets	1,767,948	1,090,957	3,159,441
Total assets less current liabilities	3,456,385	3,082,620	5,190,864
Non-current liabilities	756,092	960,302	1,773,358
Net assets	2,700,293	2,122,318	3,417,506
Total equity	2,700,293	2,122,318	3,417,506

See “Financial Information — Selected Items of Consolidated Statements of Financial Position.”

SUMMARY

Cash Flows

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Net cash used in operating activities . .	(8,523)	(345,990)	(221,686)
Net cash (used in)/from investing activities	(426,196)	46,526	(1,023,179)
Net cash generated from financing activities	356,581	248,131	2,610,893
Net (decrease)/increase in cash and cash equivalents	(78,138)	(51,333)	1,366,028
Cash and cash equivalents as of the beginning of year	761,884	685,253	642,835
Effect of foreign exchange rate changes, net	1,507	8,915	(2,438)
Cash and cash equivalents as of the end of the year	685,253	642,835	2,006,425

See “Financial Information — Cash Flows.”

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratio for the years or as of the dates indicated.

	Year ended December 31,		
	2023	2024	2025
YoY revenue growth ⁽¹⁾	(12.9)%	(0.5)%	35.9%
R&D expense ratio ⁽²⁾	40.7%	53.8%	41.7%
Gross margin ⁽³⁾	44.6%	39.9%	34.1%
Adjusted loss margin ⁽⁴⁾	(12.6)%	(25.6)%	(15.4)%
Adjusted EBITDA margin ⁽⁵⁾	(2.4)%	(12.9)%	(5.2)%
Debt-to-asset ratio ⁽⁶⁾	17.1%	24.7%	20.3%

Notes:

- (1) YoY revenue growth is calculated as the change in revenue from the previous year, divided by the revenue of the previous year, and multiplied by 100%.
- (2) R&D expense ratio is calculated as research and development expenses for the year divided by revenue for the corresponding year, and multiplied by 100%.
- (3) Gross margin is calculated as gross profit for the year divided by revenue for the corresponding year, and multiplied by 100%.
- (4) Adjusted loss margin is calculated as adjusted loss for the year divided by revenue for the corresponding year, and multiplied by 100%. See also “— Non-IFRS Measures.”
- (5) Adjusted EBITDA margin is calculated as adjusted EBITDA for the year divided by revenue for the corresponding year, and multiplied by 100%. See also “— Non-IFRS Measures.”
- (6) Debt-to-asset ratio is calculated as total borrowings divided by total assets at the end of the corresponding year.

SUMMARY

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commission and fees incurred in connection with the [REDACTED] and the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses.

Our [REDACTED] expenses are estimated to be approximately HK\$[REDACTED] (including [REDACTED] commission), accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this document, and no exercise of the [REDACTED]). Among our [REDACTED] expenses, approximately HK\$[REDACTED] is directly attributable to the [REDACTED] of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK\$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period and expect to incur would consist of approximately HK\$[REDACTED] [REDACTED] related expenses and fees (including but not limited to [REDACTED] and fees), approximately HK\$[REDACTED] non-[REDACTED]-related expenses and fees of the legal advisors and reporting accountant and approximately HK\$[REDACTED] for other non-[REDACTED]-related fees and expenses. During the Track Record Period, our incurred [REDACTED] expenses amounted to nil. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RISK FACTORS

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

- We face intense competition and may face increased competitive pressure in the future. If we fail to compete effectively, our business, revenue growth and results of operations may be materially and adversely affected.
- Demand for our services primarily depends on trends in the semiconductor industry, which are affected by rapid technological changes and demands of our clients and end customers.
- We rely on our relationships with industry participants, and any inability to develop or maintain such relationships may adversely affect our competitiveness.
- Our revenue may be subject to pricing pressure, customer concentration and service lifecycle dynamics and may therefore be lower than expected.
- We are subject to risk in relation to concentration of customers and risks related to customers’ demand and their performance of contractual obligations.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expense in connection with the [REDACTED] (assuming the [REDACTED] is not exercised). We intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]% (HK\$[REDACTED]) to invest in R&D for key technologies and core business.
- Approximately [REDACTED]% (HK\$[REDACTED]) will be used to further develop our global marketing network.
- Approximately [REDACTED]% (HK\$[REDACTED]) will be used for strategic investments and/or acquisitions.
- Approximately [REDACTED]% (HK\$[REDACTED]) for working capital and other general corporate purposes.

SUMMARY

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly [REDACTED] in the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes:

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of the H Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Total market capitalization of the Company ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share ⁽³⁾⁽⁴⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] of the H shares is based on [REDACTED] H Shares expected to be issued immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The calculation of market capitalization of the Company is based on the 525,915,273 A Shares in issues and excluding 287,000 A Shares held by us as treasury shares as of the Latest Practicable Date and [REDACTED] H Shares expected to be issued immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). The calculation of [REDACTED] of the A shares is based on the average closing price of the A Shares of RMB200.66 per A Share for the five business days immediately preceding the Latest Practicable Date.
- (3) The unaudited [REDACTED] adjusted net tangible assets per Share is arrived at after adjustments referred to in “Appendix II — Unaudited [REDACTED] Financial Information” in this document.
- (4) No adjustment has been made to reflect any trading results or other transactions of us entered into subsequent to December 31, 2025.

DIVIDENDS

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, regulatory requirements in relation to declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. We did not declare or pay dividends on our Shares during the Track Record Period. As of the Latest Practicable Date, we did not have any pre-determined dividend payout ratio. Pursuant to our Articles of Association and in accordance with the PRC Company Law and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), we have adopted a general dividend policy, according to which we may declare dividend by way of cash dividends, stock dividends, or a combination of cash and stock dividends where conditions for dividend distribution are met. As advised by our PRC Legal Advisor, pursuant to the provisions of the PRC Company Law, only the residual after-tax profits of the Company after it has made up for its losses and accrued reserves may be used to distribute dividends. We will pay dividends according to the applicable PRC laws and our Articles of Association.

SUMMARY

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE STAR MARKET

Since August 2020, the A Shares of our Company have been listed on the Shanghai Stock Exchange STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shanghai Stock Exchange STAR Market and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC or its dispatched institutions or the Shanghai Stock Exchange, and we have complied with the relevant PRC laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market.

RECENT DEVELOPMENT

In January 2026, we completed the acquisition of Pixelworks China. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Pixelworks Semiconductor.”

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025 and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms” in this document.

“2020 Restricted A Share Incentive Scheme”	the 2020 restricted A Share incentive scheme of the Company as adopted on December 22, 2020
“2022 Restricted A Share Incentive Scheme”	the 2022 restricted A Share incentive scheme of the Company as adopted on January 20, 2022
“2025 Restricted A Share Incentive Scheme”	the 2025 restricted A Share incentive scheme of the Company as adopted on November 6, 2025
“A Share(s)”	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange STAR Market and traded in Renminbi
“Accountants’ Report”	the accountants’ report of the Company, the text of which is set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of the Company with effect upon the [REDACTED] (as amended from time to time), a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“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

[REDACTED]

“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company

DEFINITIONS

“China,” “Chinese mainland” or “the PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“CIC”	China Insights Industry Consultancy Limited, an independent market research and consulting company
“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” or “CWUMPO”	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”	VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司), a limited liability company established in the PRC on August 21, 2001, which was converted into a joint stock company with limited liability on March 26, 2019, formerly known as Celestry Microelectronics (Shanghai) Co., Ltd. (思略微電子(上海)有限公司) and VeriSilicon Microelectronics (Shanghai) Limited (芯原微電子(上海)有限公司)
“Compliance Advisor”	Altus Capital Limited, the Compliance Advisor to our Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“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》)
“ESG”	Environmental, Social and Governance

DEFINITIONS

[REDACTED]

“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affect the working public’s ability to resume work or brings safety concern for a prolonged period

[REDACTED]

“Gongqingcheng Wenxing”	Gongqingcheng Wenxing Investment Partnership (L.P.) (共青城文興投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 18, 2018

“Group,” “we,” “our” or “us”	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)

“Guide” or “Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time

“H Share(s)”	[REDACTED] ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be [REDACTED] on the Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

“Hong Kong dollars” or “HK\$” Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[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]

DEFINITIONS

[REDACTED]

“IFRSs”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“Independent Third Party(ies)”	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

“Jiaxing Haicheng”	Jiaxing Haicheng Venture Capital Partnership (Limited Partnership) (嘉興海澄創業投資合夥企業(有限合夥)), formerly known as Jiaxing Haicheng Investment Partnership (Limited Partnership) (嘉興海澄投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2017

DEFINITIONS

“Jiaxing Shixing”	Jiaxing Shixing Venture Capital Partnership (Limited Partnership) (嘉興時興創業投資合夥企業(有限合夥)), formerly known as Gongqingcheng Shixing Investment Partnership (Limited Partnership) (共青城時興投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 18, 2018
	[REDACTED]
“Joint Sponsors”	the joint sponsors as named in “Directors and Parties Involved in the [REDACTED]”
“Latest Practicable Date”	March 23, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[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
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“MIIT”	Ministry of Industry and Information Technology (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)
“National IC”	National Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司), a joint stock company with limited liability established in the PRC on September 26, 2014
“Nomination Committee”	the nomination committee of the 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)

DEFINITIONS

[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 and became effective on March 31, 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 Legal Advisor”	Fangda Partners, the PRC legal advisor to the Company
“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
“President”	the president of the Company

[REDACTED]

DEFINITIONS

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Restricted A Share Incentive Scheme(s)”	the 2020 Restricted A Share Incentive Scheme, the 2022 Restricted A Share Incentive Scheme and the 2025 Restricted A Share Incentive Scheme, each a Restricted Share Incentive Scheme and collectively the Restricted A Share Incentive Schemes
“Restricted Share(s)”	type II restricted share(s) granted under the Restricted A Share Incentive Schemes, each entitles the grantee to purchase or subscribe for one A Share of our Company at the grant price upon vesting
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“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
“Shanghai Stock Exchange”	The Shanghai Stock Exchange, a self-regulated legal entity under the supervision of China Securities Regulatory Commission
“Shanghai Stock Exchange STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange, a self-regulated legal entity under the supervision of China Securities Regulatory Commission
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and ESG committee of the Board

DEFINITIONS

“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 Codes on Takeovers and Mergers and Share Buy-backs issued 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
“treasury shares”	has the meaning ascribed thereto under the Hong Kong Listing Rules

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Unlisted Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not [REDACTED] on any stock exchange
“U.S. dollar(s),” “US\$” or “USD”	United States dollar, 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
“VAT”	value-added tax
“Wealth Strategy”	Wealth Strategy Holding Limited (富策控股有限公司), a limited liability company established in Hong Kong on October 15, 2014
“%”	per cent

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including the Company’s subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

“3D LUT”	3D look-up table
“8K@60fps”	a video resolution and frame rate specification that represents ultra-high-definition video with a resolution of approximately 8,000 horizontal pixels and a refresh rate of 60 frames per second
“ADAS”	advanced driver assistance systems
“AED”	automated external defibrillator
“AI”	artificial intelligence
“AI-enabled IP”	a cross-domain converged computing architecture optimized for edge applications, utilizing FLEXA synchronous interface technology to integrate independent IP cores such as ISP, VPU and NPU into tightly coupled AI subsystems
“AIGC”	artificial intelligence generated content
“AIoT”	artificial intelligence of things
“AiPaaS”	AI platform as a service
“AR/VR”	augmented reality/virtual reality
“ASIC”	application-specific integrated circuit
“ASIL”	automotive safety integrity levels
“ASIL D”	Automotive Safety Integrity Level D. It is the highest and most stringent risk classification defined in the ISO 26262 standard for functional safety in road vehicles
“BLE”	bluetooth low energy
“BLE 5.3”	bluetooth low energy 5.3
“Chromium OS”	a free, open-source Linux-based operating system designed for web-centric tasks
“CMOS”	complementary metal-oxide-semiconductor
“CPU”	central processing unit
“DDR”	Double Data Rate. It is a type of synchronous dynamic random-access memory (SDRAM) used in computers, servers, smartphones, embedded systems, and other digital electronics
“Dewarp IP”	an IP for distortion correction, licensed to customers for autonomous driving chips

GLOSSARY OF TECHNICAL TERMS

“EDA tools”	electronic design automation tools
“ESG”	environmental, social, and governance
“ESOP”	employee stock ownership plan
“fabless company”	a company that designs and sells semiconductor chips but outsources the manufacturing to specialized foundries
“FD-SOI”	fully depleted silicon on insulator
“FinFET”	fin field-effect transistor
“FLEXA”	a proprietary synchronous interface technology developed by our Group that integrates independent IP cores — such as ISP, VPU, and NPU — into tightly coupled AI subsystems. By enabling direct hardware-level data flow without DDR memory access, it significantly unloads bandwidth bottlenecks to deliver ultra-low-latency and power-efficient visual computing for edge devices
“FPGA platform”	field-programmable gate array platform
“FreeRTOS”	a real-time operating system kernel for embedded devices
“GHG”	greenhouse gas
“GNSS”	global navigation satellite system
“GPGPU”	general-purpose graphics processing unit
“HB-PoP”	high-bandwidth package-on-package
“HBM”	high bandwidth memory
“HDR”	high dynamic range
“HDR10”	high dynamic range
“HDR10+”	a free, dynamic metadata HDR format that improves upon basic HDR10 by optimizing the picture quality for every scene in a video
“IDM”	integrated device manufacturer
“IoT”	Internet of things

GLOSSARY OF TECHNICAL TERMS

“IRU”	intelligent rendering unit, a proprietary visual computing technology accelerates graphics rendering and enhance visual output quality in modern computing systems, adopting a distributed rendering architecture
“ISO 26262 standard”	an international standard for the functional safety of electrical and/or electronic (E/E) systems in road vehicles. Its full title is “Road vehicles — Functional safety”
“ISO 27001”	the leading international standard for Information Security Management Systems, providing a risk-based framework to protect data confidentiality, integrity, and availability
“ISO 9001”	a globally recognized standard for quality management which helps organizations of all sizes and sectors to improve their performance, meet customer expectations and demonstrate their commitment to quality
“Linux”	an open-source operating system kernel widely used in embedded systems, servers and consumer devices
“LLM”	large language model
“LPDDR5x”	low power double data rate 5x, a high-bandwidth memory solution used in the High-Performance AIGC Platform
“LPDDR6”	low power double data rate 6, a high-bandwidth memory solution used in the High-Performance AIGC Platform
“MCU”	microcontroller unit
“MIPI”	mobile industry processor interface
“NB-IoT”	narrowband-IoT
“OEM”	original equipment manufacturer
“OSAT”	outsourced semiconductor assembly and test
“PCIe”	peripheral component interconnect express
“PHY”	physical layer interface, referenced in the context of MIPI C/D PHY interfaces
“RTL”	register transfer level
“SAP”	systems, applications, and products
“SDK”	software development kit

GLOSSARY OF TECHNICAL TERMS

“SerDes”	serializer/deserializer
“SiPaaS”	silicon platform as a service
“SoC”	system-on-chip
“tape-out”	the final step in the design of a chip, where the design data is sent to a foundry for wafer fabrication
“TOPS”	tera operations per second
“TÜV Rheinland”	an independent international testing, inspection and certification organization that certified the company’s ISO 26262 compliant design process
“UCIe”	universal chiplet interconnect express
“VeriHealthi”	a proprietary platform providing integrated health detection solutions spanning from custom silicon design to reference applications

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future, which are not historical facts. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [REDACTED]." When used in this document, the words "aim," "anticipate," "believe," "consider," "could," "estimate," "expect," "going forward," "intend," "ought to," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedule," and the negative of these words and other similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Forward-looking statements reflect the current views of the Directors with respect to future events, operations, liquidity and capital resources. Some of which may not materialize or may change. These statements are based on assumptions and are subject to certain risks and uncertainties, including those listed in "Risk Factors," which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of the Directors are made as of the date of this document. Any such intentions are subject to change in light of future developments.

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

RISK FACTORS

An [REDACTED] in the H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an [REDACTED] in the H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the [REDACTED] price of the H Shares could decline and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS

We face intense competition and may face increased competitive pressure in the future. If we fail to compete effectively, our business, revenue growth and results of operations may be materially and adversely affected.

According to CIC, the overall IC industry is expected to grow at a CAGR of 15.1% from 2025 to 2030, driven by demand from automotive and industrial applications. However, there can be no assurance that the industry will continue to expand at the expected rate. If industry growth slows or turns negative, competition may intensify and demand for certain products may decline, which could reduce the revenue and profitability of industry participants, including us.

Against this backdrop, we operate in highly competitive markets. In our custom silicon solution service, we compete with a large number of companies that provide similar design, integration and engineering services. In our IP licensing service, we compete with other providers of IP who design and license their own technologies, including digital signal processing IP and video processing IP. We expect competitive pressures in each of these areas to continue and potentially intensify.

Many of our existing and potential competitors have longer operating histories, more established customer bases and significantly greater financial, sales and marketing, manufacturing and other resources than we do. As a result, they may be able to respond more quickly to changes in customer requirements and industry trends, to devote greater resources to the development, promotion and sale of competing services and to offer more comprehensive services than we can. Our competitors may also develop and introduce new technologies that have lower prices, provide superior performance or functionality or achieve greater market acceptance than our services.

If we are unable to maintain or enhance the competitiveness of our services, respond effectively to technological changes or pricing pressure, or otherwise compete successfully, our revenue growth, financial condition and results of operations could be materially and adversely affected.

Demand for our services primarily depends on trends in the semiconductor industry, which are affected by rapid technological changes and demands of our clients and end customers.

The IC industry is characterized by rapid technological changes, frequent product upgrades and evolving industry standards. As semiconductor process technologies continue to migrate toward more advanced process nodes, market participants must continuously upgrade their technologies to address more complex performance requirements. In addition, downstream demand in the industry is subject to frequent changes, further increasing the need for timely innovation and adaptation. Industry cycles that affect our customers may impact their demand for our services and affect our results of operations.

Our ability to maintain the competitiveness of our services depends on our capability to anticipate and respond to such technological developments and market trends. However,

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R&D activities involve inherent uncertainties and there can be no assurance that we will be able to successfully develop and commercialize new technologies or that our existing technologies will remain competitive. If we fail to keep pace with technological advancements or if our services do not meet evolving customer requirements, demand for our products and services may decrease.

We rely on our relationships with industry participants, and any inability to develop or maintain such relationships may adversely affect our competitiveness.

We develop custom silicon solution service for use in systems driven by industry participants, particularly in the consumer electronics, automotive electronics, computers and our custom silicon design peripherals, industrial, data processing and IoT sectors. We frequently incorporate certain technologies or IP from such industry leaders. Our relationships with these participants are important to the performance, completeness and competitive value of our custom silicon solution service.

If our relationships with these industry participants were to deteriorate, or if we are unable to establish or maintain new relationships, our business, financial condition and results of operations may be materially and adversely affected. In addition, these relationships, including licenses to applicable IP, may not continue and we may not be able to obtain new or replacement relationships or licenses in the future on commercially reasonable terms.

Our revenue may be subject to pricing pressure, customer concentration and service lifecycle dynamics and may therefore be lower than expected.

Our revenue from custom silicon solution services and IP licensing service may fluctuate significantly from period to period depending on, among other factors, the number, size and timing of agreements executed and project engagements obtained during a financial quarter. Such revenue is inherently difficult to predict. Our ability to increase revenue from these businesses will depend on a number of factors, including the performance, quality, breadth and competitiveness of our IP portfolio and custom silicon capabilities, as well as the effectiveness of our sales and marketing efforts.

Furthermore, our customers often have significant bargaining power in negotiations with us. They may seek to negotiate lower pricing or more favorable commercial terms for both our custom silicon solution service and IP licensing service. Our competitors may also offer lower pricing or more favorable licensing or service terms for comparable technologies or services in order to gain market share, which may require us to lower our pricing or otherwise accept less favorable commercial terms.

As a result of the foregoing factors, as well as other uncertainties that may arise in the future, the pricing and IP royalties rates we are able to obtain and the revenue we generate from our custom silicon solution services and IP licensing service may be lower than we currently anticipate, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to risk in relation to concentration of customers and risks related to customers’ demand and their performance of contractual obligations.

We derive a significant portion of our revenue from our top five customers. In 2023, 2024 and 2025, revenue from our five largest customers in aggregate amounted for 46.7%, 44.6% and 45.6% of our total revenue for each respective year. See “Business — Sales and Marketing — Our Customers.”

We operate in industries where market players typically have a high concentration of customers. We cannot assure you that our major customers will not change their business scope or model, suspend their operations, or encounter operating or financial difficulties. In particular, our customers may delay or default on payments due to us as a result of, among other things, decreased sales of their products, and we may not be able to collect all, or any, of our trade receivables after meeting agreed project milestones, and may need to write off these

RISK FACTORS

assets. Industry cycles that affect our customers may impact their demand for our services and affect our results of operations. Any material adverse change in the business, operations or financial condition of our major customers may in turn have a material adverse effect on us. There is no assurance that we will be able to maintain a good relation with our major customers, or that our major customers will continue to have high demands for our services. Under the aforementioned circumstances, unless we are able to identify suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be adversely affected.

Furthermore, our order backlog data is based on customer orders and the payment terms of the relevant contracts, and expectations on the conversion of the backlog into revenue are based on customers paying us based on these terms. To the extent customers default on or delay payments, or we are unable to achieve the agreed project milestones, our conversion rates for our backlog would be negatively affected, which could cause our results of operations to be adversely affected.

Our operations in overseas markets expose us to uncertainties in understanding and adapting to local markets, which may adversely affect our business, financial condition and results of operations.

We have established a presence in multiple overseas markets, including the United States, Europe, Japan, Vietnam and Korea, and we have been actively expanding our international business. In 2023, 2024 and 2025, our revenue derived from overseas markets amounted to RMB531.3 million, RMB869.1 million and RMB1,025.0 million, representing 22.8%, 37.5% and 32.6% of our total revenue, respectively. As a result, our business, financial condition and results of operations are increasingly exposed to risks associated with international operations.

Our overseas operations are subject to a wide range of uncertainties and risks arising from differences in legal and regulatory regimes, political and economic conditions and legal systems across jurisdictions. In addition, geopolitical tensions, trade restrictions, tariffs or other protectionist measures may adversely affect our cross-border operations, supply chain and customer demand. See “ — We are subject to governmental export and import controls, tariffs, economic sanctions and other trade protection measures, which could affect our ability to compete in certain markets or expose us to liability in certain jurisdictions.” and “ — We face risks in relation to inability to obtain and maintain the approvals, licenses and permits required for our operations.”

We are also exposed to risks relating to IP protection in overseas markets. The level of protection and enforcement of intellectual property rights varies across jurisdictions and any failure to adequately protect our proprietary technologies, or any infringement or misappropriation of our intellectual property, may harm our competitive position.

Operating and expanding overseas also exposes us to operational and financial risks, including complex legal and regulatory environment, changes in overseas market conditions, challenges in recruiting and retaining qualified personnel in overseas markets, ensuring consistent service quality and internal controls across jurisdictions and exposure to fluctuations in foreign exchange rates and overseas tax risks.

We invest significant resources in research and development and rely on our ability to attract, train and retain qualified R&D personnel, and any failure in these areas may materially and adversely affect our business, financial condition and results of operations.

The IC industry is characterized by continuous technological developments and innovation to address increasingly complex and diverse market needs. In 2023, 2024 and 2025, our R&D expenses amounted to RMB947.2 million, RMB1,247.3 million and RMB1,312.7 million respectively, accounting for 40.7%, 53.8% and 41.7% of our total revenue, in these respective years. However, we cannot assure you that our R&D efforts will be successful, or that we will be able to commercialize the technologies we develop or roll out new services in a timely manner, or at all.

Our ability to carry out effective R&D activities and execute our business strategy also depends on our ability to attract, train and retain qualified technical personnel. Competition

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for experienced R&D personnel in the IC industry is intense, and if our compensation packages and incentive mechanisms are not competitive, or if we fail to effectively implement our talent management, human resources policies or internal promotion systems, we may not be able to attract or retain qualified personnel. In addition, the loss of key technical personnel could disrupt our R&D activities and delay project execution.

If we are unable to achieve our anticipated R&D outcomes, recover our R&D investments through successful commercialization, or maintain a stable and qualified R&D team, our business, financial condition and results of operations may be materially and adversely affected.

Our custom silicon design services involve long development cycles and technical uncertainties, which may adversely affect our results of operations.

Our custom silicon design solutions are generally characterized by high technical complexity and relatively long development cycles. The successful completion of these projects is subject to various uncertainties, including whether the design can achieve the expected performance, whether wafer fabrication processes are successful, and whether customer requirements or market demand remain stable throughout the development period. As a result, our projects may be exposed to risks such as design failure, unsuccessful tape out, or changes in customer research direction or market conditions.

In addition, due to the customized nature of our design services, we typically enter into service contracts with customers based on specific project requirements. If a project fails to meet the expected technical performance or if there are changes in customer requirements or market demand, our customers may delay payments or terminate the relevant contracts earlier than expected. In such circumstances, we may not be able to recover our development costs in a timely manner, or at all, which could have a material adverse effect on our results of operations; in addition, our conversion rate for our backlog would be negatively affected.

Our historical financial performance may not be indicative of our future results. We may not be able to improve our operating results.

Our revenue increased by 35.9% from RMB2,317.0 million in 2024 to RMB3,148.4 million in 2025. Our historical financial performance, including revenue growth, may not be indicative of our future results. Our ability to sustain our historical growth rate and improve our operating results depends on a number of factors, including macroeconomic conditions, industry trends, the level of competition, the stability and pricing of raw material supply, demand from downstream markets and our ability to maintain stable relationships with our key customers and suppliers.

In addition, our gross margin may fluctuate from time to time due to a number of factors, including changes in our service mix, pricing pressure, variations in costs of raw materials and services, the level of competition and our ability to accurately anticipate market demand and technological developments. As the industry continues to evolve and competition intensifies, we are required to continuously upgrade our technologies and enhance our capabilities. If we fail to respond effectively to such changes, our revenue growth may slow or our operating results may decline, which could adversely affect our business, financial condition and results of operations.

Furthermore, we incurred net losses during the Track Record Period. Our loss for the year amounted RMB296.5 million, RMB600.9 million and RMB527.8 million in 2023, 2024 and 2025 respectively. If we do not successfully manage our growth, our ability to increase our revenue and achieve or sustain profitability could be adversely affected. We plan to achieve our business growth by leveraging the economies of scale inherent to the SiPaaS model primarily through scalable custom silicon solution services and scalable IP licensing. There is no assurance that we will be able to implement our growth strategies successfully. If we fail to achieve or sustain profitability, our liquidity and financial condition would be materially and adversely affected.

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We rely on third-party foundries and OSAT partners, and any capacity constraints, pricing pressure, supply disruption or manufacturing issues at these vendors could materially and adversely affect our business, financial condition and results of operations.

The manufacturing, packaging and testing of the semiconductor products under our turnkey service are conducted by to third-party wafer foundries and OSAT partners. During periods of constrained capacity, our vendors may reduce supply, delay deliveries or increase prices, which may adversely affect our costs and ability to meet customer demand.

If we are unable to obtain sufficient capacity from our existing vendors on commercially acceptable terms, we may not be able to secure alternative sources in a timely manner, including because of the limited number of vendors able to supply these services. Transitioning to new vendors is complex and time-consuming and may require customer requalification, which could result in delays in delivery and loss of revenue. In addition, our suppliers may from time to time tighten commercial terms, including shortening payment periods, which may adversely affect our cash flow.

We also rely on foundries for manufacturing quality and yield. Wafer fabrication is complex and subject to defects and yield fluctuations. If actual yields are lower than expected or do not improve as anticipated, our production costs may increase and our margins may be adversely affected. Manufacturing defects or quality issues may also lead to delays, additional costs and potential customer claims, and may harm our reputation and customer relationships. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to adequately protect our IP rights, which could materially and adversely affect our business, financial condition, and results of operations.

Our business success is reliant on our ability to develop, obtain and maintain adequate protection for our IP. This includes patents, copyrights, trademarks and trade secrets in various jurisdictions where we operate. For a description of our principal IP protection measures, see "Business — Intellectual Property." The process of seeking patent protection is inherently complex, time-consuming and costly, and there is no guarantee that patent applications currently pending or filed in the future will result in the issuance of patents with the desired scope of coverage or at all. We may also be subject to opposition, invalidation, or re-examination proceedings before various national and international patent offices and courts, which could require substantial financial and management resources.

Effective protection of our IP rights may be unavailable, limited or not applied for in certain countries or jurisdictions. Some of our services and technologies are not covered by any patent or patent application, as we do not believe patent protection of these technologies is critical to our business strategy at this time. A failure to timely seek patent protection on technologies generally precludes us from seeking future patent protection for them. We cannot assure you that (i) any of our present or future patents or patent claims will not lapse, be invalidated, circumvented, challenged or abandoned; (ii) our IP rights will provide us with a sustainable competitive advantage; (iii) our ability to assert our IP rights against potential competitors or to settle current or future disputes will not be limited by agreements with third parties; (iv) any of our pending or future patent applications will be issued or achieve the coverage originally sought; (v) our IP rights will be effectively enforced in jurisdictions where competition may be intense or where the legal protection for IP may be less robust; (vi) any of the trademarks, copyrights, trade secrets or other IP rights that we currently employ will not lapse, be invalidated, circumvented, challenged or abandoned; (vii) we will not lose the ability to assert our IP rights against or to license our technology to others and collect IP royalties or other payments; or (viii) our trademarks, copyrights, trade secrets and other IP rights will be of sufficient scope or strength to provide meaningful IP protection or any material commercial advantage to us.

We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to

RISK FACTORS

competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time consuming and may not be successful at all. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Our international operation requires us to seek protection of our intellectual property in various jurisdictions including Chinese mainland, the United States and other countries or regions. The issuance, scope, validity and enforceability of our patents and other intellectual property rights are uncertain and differ in different jurisdiction. Competitors may use our technologies in jurisdictions in which we have not obtained sufficient intellectual property protection and may subsequently export otherwise infringing solutions to territories where we have intellectual property protection. Furthermore, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to expand our business. Proceedings to enforce our patent rights in different jurisdictions could result in substantial costs and divert our efforts and attention.

Monitoring unauthorized use of our IP is inherently difficult and costly. Any failure to effectively identify and deter unauthorized use, or otherwise adequately protect our IP, would materially and adversely affect our business, financial condition, and results of operations.

We rely on third-party semiconductor IP and EDA tool licensing, any disruption may adversely affect our business.

Semiconductor IP refers to pre-verified, reusable IC modules with specific functions, while electronic design automation (“EDA”) tools refers to software tools essential for chip design and development. We license certain IP from third parties, some of which is important to our business and forms a key part of our IP portfolio. In the course of our operations and R&D activities, we rely on licenses of semiconductor IP and EDA tools from third-party suppliers to support our custom silicon solution service.

Our ability to conduct R&D activities and deliver our services is dependent on our continued access to such third-party technologies. If we are unable to renew existing licenses or if there is any termination or renewal limitation of a third-party IP license that is material to us, or obtain necessary licenses from these suppliers on commercially reasonable terms, or at all, our services development and project execution may be adversely affected.

In addition, our access to such third-party technologies may be affected by factors beyond our control, including changes in international political or economic conditions, regulatory restrictions or other force majeure events. If our key suppliers cease to provide us with the required licenses or if there are disruptions in our access to such technologies, our operations and R&D activities may be materially disrupted, which could have a material adverse effect on our business, prospects and results of operations.

Claims of IP infringement could be costly, divert management attention, harm our reputation and business relationships and materially and adversely affect our business, financial condition and results of operations.

Our SiPaaS business model is characterized by extensive patent and other IP portfolios, with companies frequently and vigorously pursuing, protecting and enforcing their IP rights. We and our customers may, from time to time, face assertions by third parties alleging infringement of their patents and other IP rights related to technologies crucial to our business. Furthermore, we may receive notifications from our customers or licensees asserting that we have indemnification or other obligations arising from infringement claims made against them by third parties. We may in the future be involved in legal proceedings or claims pertaining to alleged patent infringement, other IP rights, contractual disputes and other matters.

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Irrespective of their merit or eventual resolution, claims alleging that our solutions or technologies infringe third-party IP rights could be costly to defend or settle and would likely divert significant effort and attention from our management and technical personnel. Such infringement claims could also negatively impact our relationships with our existing customers and deter prospective customers from engaging in business with us.

If any pending or future proceedings result in an adverse outcome, we could be required to (i) cease the the disputed services, processes or technology; (ii) pay substantial damages for infringement, including pursuant to indemnification commitments made to our customers; (iii) expend significant resources to develop non-infringing services, processes or technology, which may not be successful; (iv) license technology from the third party claiming infringement, which license may not be available on commercially reasonable terms, or at all; (v) cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or (vi) pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available.

Any of the foregoing potential outcomes could individually or in combination have a material adverse effect on our business, financial condition, and results of operations. Moreover, any assertion of IP rights by a third party against us could precipitate litigation against our customers, for which we may be bound to indemnify them under the terms of our license agreements. Any litigation targeting our customers could severely disrupt or impede their development, marketing, and sales of products incorporating our services, thereby damaging our commercial relationships and further compounding the material adverse effect on our business, financial condition, and results of operations.

Our services and third-party vendors are subject to customer qualification processes.

Our customers may require our services and our third-party vendors to undergo extensive qualification processes before our services are adopted in their systems. Such qualification generally includes functional testing of our services together with our customers' integrated circuits or systems, as well as reliability and other performance testing.

If we encounter difficulties in qualifying the third-party vendors that we select for our turnkey service or if we experience delays or failures in qualifying our services with our customers, the commencement of sales to such customers may be delayed, reduced or, in some cases, precluded. Even where our services are successfully qualified, our customers may still need to qualify other components sourced for their systems and to qualify their end products with their own customers.

There can be no assurance that we, our third-party vendors or our customers will complete all required qualification processes in a timely manner. Any failure or delay in the qualification of our services, our selected vendors, the other components used by our customers, or our customers' systems as a whole could delay or prevent sales of our services to such customers, impede our ability to secure design wins and ramp up new projects, and as a result could materially and adversely affect our business, growth prospects, financial condition and results of operations.

Issues with the quality of our services may cause us to incur significant warranty and redesign expenses, which may damage our market reputation, decrease our sales or reduce our market share.

The quality of our services is critical to our business and to maintaining long-term customer relationships, as our customers often apply stringent qualification and reliability standards to our deliverables. We rely on third parties for certain testing and validation processes, and our review and testing procedures cannot eliminate all design or process defects. In addition, the quality of our services may be affected by execution-related factors, or defects in our design, specification or validation processes, as well as other factors beyond our control, such as how customers use our deliverables, variations in customers' own process conditions or quality issues in components or tools supplied by third parties.

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If our services do not meet customers' quality standards, we may be required to re-perform or redesign part of our deliverables, which could result in significant additional engineering and testing expenses and delay customers' production schedules. We could also be subject to claims, warranty obligations, service credits or legal proceedings. Such issues may lead to customer dissatisfaction, negatively affect our relationships with existing customers, hinder repeat orders and referrals and reduce our share at key accounts, which could materially and adversely affect our sales, market position, business, financial condition and results of operations.

The utilization of open source software in our services may expose us to additional risks and could compromise our proprietary IP.

Certain IP within our IP portfolio incorporates and utilizes software subject to open source licenses. Open source software is typically freely accessible, usable and modifiable. Some open source software licenses stipulate that a user who distributes the open source software as a component of their own software is required to publicly disclose all or part of the source code of such user's software. This could potentially subject previously proprietary software to the terms of an open source license. Additionally, if a third-party software provider has integrated certain types of open source software into software that we license from them, we could, under certain circumstances, be mandated to disclose the source code to our own intellectual property. Any such mandated disclosure could materially and adversely affect our intellectual property position, business, results of operations and financial condition.

We depend on the increased acceptance of custom silicon solution and semiconductor IP licensing services in various verticals to grow our business and increase our revenue.

Our business strategy depends in large part on the continued growth of the various verticals into which we sell our semiconductor solutions. See "Summary — Summary of Historical Financial Information" for the breakdown of our revenue by end application during the Track Record Period. If these verticals do not grow and develop as we anticipate, or our customers fail to market and sell their products as they anticipate in these verticals, we may be unable to sustain or grow the sales of our solutions.

The seasonal and cyclical nature of the growth of the verticals for our solutions could also adversely affect the demand for our solutions and our ability to accurately forecast market demand. In addition, our business and financial condition may be adversely affected if certain new verticals do not emerge or develop as expected.

Our sales may be influenced by seasonality.

Our results of operations are affected by seasonal fluctuations in the demand across the end markets of our customers, which in turn influence their demand for our services. Revenue in the second half of each year is typically higher than the first half, largely reflecting increased demand from certain customers in connection with year-end holiday sales, in particular customers in the consumer electronics sector. Accordingly, various aspects of our operations, including sales, working capital and operating cash flows, are exposed to the risks associated with seasonal fluctuations in the demand for our services, and our quarterly or half year results may not reflect our full year results.

Non-compliance on the part of our business partners or other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our business partners or other third parties. Our business partners, as well as other third parties who entered into business relationships with us, may also be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot assure you that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all. If any governmental investigations,

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lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our business partners or other third parties involved in our business, those actions could adversely affect our business and reputation.

We are subject to governmental export and import controls, tariffs, economic sanctions and other trade protection measures, which could affect our ability to compete in certain markets or expose us to liability in certain jurisdictions.

We operate within a global supply chain, and our services are sold globally as part of various end products. As such, we face risks associated with export and import controls, tariffs, economic sanctions and other trade protection measures.

Recent trade tensions, such as the ongoing U.S.-China trade disputes, have led to broader and substantially higher tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Regarding tariffs, in February 2025, the United States imposed a 20% tariff on certain categories of Chinese goods (the “**Fentanyl Tariff**”). Subsequently, on April 2, 2025, the United States imposed a 10% baseline tariff on all imports from its trading partners, along with additional country-specific tariffs for various countries, as adjusted from time to time (the “**Reciprocal Tariff**”). Both Fentanyl Tariff and Reciprocal Tariff were imposed under the International Economic Emergency Powers Act (“**IEEPA**”). These actions led to a series of retaliatory measures by other countries, including China, and further countermeasures by the United States. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 4, 2025, the President of the United States issued executive orders that, among other things, reduced the Fentanyl Tariff from 20% to 10%, effective November 10, 2025, and continued the suspension of heightened China-specific Reciprocal Tariff rates through November 10, 2026, thereby maintaining the 10% Reciprocal Tariff baseline on imports from China during that period. On February 20, 2026, the U.S. Supreme Court ruled that the President lacked authority to impose tariffs under IEEPA. As a result of this ruling, the Fentanyl Tariff and the Reciprocal Tariff imposed on goods imported from China are thus *void ab initio*, and the Group’s goods imported into the U.S. are no longer subject to IEEPA tariffs. The Trump Administration replaced the IEEPA tariffs with a 10% tariff under Section 122 of the Trade Act, effective February 24, 2026 for a period of no more than 150 days. The Trump Administration may seek to impose additional tariffs under other statutory authorities, including Section 301 of the Trade Act, when the Section 122 tariffs lapse after 150 days. The United States and China are engaged in ongoing trade discussions, but there is no assurance that the higher tariffs will be suspended further or that a long-term agreement will be reached, and there is no assurance that the U.S. tariff policy will remain in its current form.

International tariff policies are rapidly evolving, and the final outcome, including whether the tariff level can be implemented as proposed, is highly uncertain. Any additional tariff may increase the price of our end products exported to the U.S. market and reduce their competitiveness. Our customers who import our products into the United States may wish to pass on the additional tariff on us, their other suppliers or their customers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers’ end products could lead to the reduction or cancellation of their purchase from us, and tariffs could generally negatively affect economic conditions in the United States, China and other countries, which could adversely affect our business.

Exports, re-exports and transfers of our services must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. Regarding economic sanctions, the most significant controls are those administered by OFAC, which prohibit the provision of services to certain countries, regions, governments, entities and persons targeted by U.S. sanctions. Regarding U.S. export controls, the U.S. Export Administration Regulations (the “**EAR**”) have broad jurisdiction, covering both U.S.-origin items and certain foreign-produced items, such as those containing more than a de minimis level of controlled U.S. content and those subject to the applicable foreign direct product rules (the “**FDPR**”). The expansion of the FDPR under the EAR first came into broader effect in May 2020 when BIS amended General Prohibition Three of the EAR to apply to

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foreign-produced direct product when destined for or used by certain entities on the Entity List. Since then, the FDPR have been further extended to cover advanced computing integrated circuits, supercomputers and advanced semiconductor manufacturing equipment for certain jurisdictions, including China. In October 2022, the BIS issued an interim final rule (the "**BIS October 2022 IFR**") to limit China's access to advanced computing integrated circuits, supercomputers and advanced semiconductor manufacturing. In October 2023, the BIS released another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded the restrictions from the BIS October 2022 IFR (together with the BIS's April 2024 interim final rule, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs added certain advanced and AI computing integrated circuits and related computer commodities to the Commerce Control List, imposing new or expanded license requirements for items subject to the EAR intended for use in developing or producing supercomputers, advanced node integrated circuits, and advanced semiconductor manufacturing equipment in certain jurisdictions, including China. On January 15, 2025, BIS issued an Interim Final Rule implementing new due diligence measures for advanced computing ICs ("**DD IFR**"). The DD IFR targets ICs with advanced-node capabilities (e.g., 16/14nm process nodes or smaller, or non-planar transistor architecture) and their associated design and manufacturing services. These measures affect exports, re-exports, and in-country transfers of ICs, as well as the licensing and vetting processes for fabless companies, foundries, and OSAT partners. The United States may introduce additional controls, licensing and/or classification requirements and restrictions applicable to IC designers, and their products, customers and suppliers, or expand or otherwise change the scope of current regulation. These new or expanded controls could subject certain products to additional licensing requirements, or impose restrictions on their ability to import, export and transfer certain products. Given that potential regulatory changes could be sudden and hard to foresee, we may be unable to predict developments in this area and we may have no or very limited ability to influence such regulatory developments. As these export controls laws and regulations continue to evolve, future export controls may affect our operations, customers or suppliers.

In addition to the restrictions discussed above, the BIS also 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. In recent years, the United States has placed an increasing number of entities, including hundreds of entities in China, including certain of our customers and a supplier, on the Entity List and other restricted or prohibited party lists. We believe that none of the items we sold to Entity List-designated customers, which accounted for less than 0.5% of our total revenue annually, involved any transfer, export or reexports of items subject to the EAR, including, where applicable, through the applicable FDPR. In addition, on September 29, 2025, the BIS issued an interim final rule that extended Entity List and MEU List restrictions to foreign entities not directly designated on these lists that are 50% or more owned, directly or indirectly and in the aggregate, by parties on the Entity List or certain other restricted party lists (the "**Affiliates Rule**"). However, following the U.S.–China summit meeting on October 30, 2025, the United States suspended implementation of the Affiliates Rule for one year beginning November 10, 2025. As a result, this extension of Entity List restrictions is not expected to apply during the suspension period unless BIS issues implementing rules to the contrary or the suspension is modified or revoked. We have adopted an export control compliance program, which includes customer screening, steps to analyze the EAR's application to our products and services purchaser certifications regarding their compliance with relevant laws and regulations; however, the EAR is complex, and there is no assurance that the measures we have adopted will be sufficient to prevent all violations (including possible breaches of contractual provisions by our customers) or that we will not be subject to challenge or investigation by BIS or other relevant authorities. If we are found to have violated the EAR, we could be subject to penalties including fines, and we could be placed on the Entity List, which would severely limit our access to U.S.-controlled technology and products and damage our reputation.

These regulatory policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components and increased production and compliance costs and uncertainties for companies operating in affected industries. For instance, restrictions on the export of specific technologies or materials to certain regions could disrupt our ability to procure key inputs or supply services to customers in affected markets, causing

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operational delays or interruptions. If these trade restrictions or geopolitical tensions escalate, we may face additional risks such as reduced access to key markets, strained customer relationships and loss of market opportunities.

Sanctions laws and regulations are complex and constantly evolving, and new persons and entities are regularly added to the list of “Sanctioned Persons,” which refers to persons and identities listed on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”) or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. We expect to need to devote increasing resources to complying with these types of laws and regulations. Even with our compliance measures, we cannot provide any assurance that our future business will be free of sanctions risks or that our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us.

Increased compliance costs and operational challenges arising from adhering to complex export control regulations and sanctions could strain our resources. Tariffs, quotas and local content rules may further raise production costs, impacting the profitability and competitiveness of our services. As the Entity List and other sanctions and export control laws and regulations continue to evolve, future sanctions and export controls may significantly impact our business relationships with our customers or the suppliers necessary for our operations, or some of our customers and suppliers may be listed on the Entity List or otherwise restricted in supplying products, technologies or services to us, 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. These types of export controls and sanctions risks could adversely affect us and/or our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be affected by the continued international trade and political tensions.

In addition, dealing with customers or suppliers that are subject to export control or sanctions may pose significant risks to our business. These risks include potential disruptions in our supply chain, legal and regulatory compliance challenges and the possibility of civil and criminal penalties. We have no control over the countries, regions or destinations to which the customers will sell and/or export their end products. If the export sales of the customers’ end solutions are restricted, prohibited or made subject to any export controls or economic sanctions imposed by any jurisdictions, the customers’ demand for our services may decline, and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to risks associated with U.S. outbound investment restrictions that prohibit certain investments by U.S. persons and impose notification requirements on other such investments.

On October 28, 2024, the U.S. Department of the Treasury (the “Treasury”) issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the “Final Rule”), which became effective on January 2, 2025. The Final Rule imposes investment prohibitions 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 certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, these investment targets collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “Covered Transactions,” including certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person

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pooled investment fund. The Final Rule contains exceptions from the prohibitions and notification requirements for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us. On February 21, 2025, U.S. President issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”), indicating that Executive Order 14105 is under review and that the Trump Administration will consider new or expanded restrictions, such as broadening the sectors subject to the Final Rule. Separately, on December 18, 2025, the President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”). The COINS Act largely codifies the core of the current Final Rule while making certain modifications, including an expansion of the scope of outbound investment restrictions to additional sectors. While the COINS Act was effective on December 18, 2025, it is not self-executing and it does not replace or amend the Final Rule until implementing regulations for it are adopted. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may differ from the Final Rule) to implement the law; the timing and the content of these implementing regulations are uncertain.

We believe that we are a “Covered Foreign Person” defined under the Final Rule since we engage in certain integrated circuit design activities as described in the definition of “notifiable transaction” under 31 C.F.R. §850.217(a). Accordingly, unless an exception is available, if a U.S. person acquires an equity interest in us, such U.S. person may need to make a notification pursuant to the Final Rule. In respect of whether an exception would be available for such an acquisition, on December 23, 2025, the Treasury published additional frequently asked questions (the “**FAQ**”) on the Final Rule. One of these FAQ (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a “Covered Foreign Person,” and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a “publicly traded security” in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into. At the time U.S. persons acquire our H shares in this [REDACTED], these shares would be publicly [REDACTED] and tradable. In light of the FAQ guidance above, we are of the view that a U.S. person’s acquisition of our H shares in this [REDACTED] would constitute an “excepted transaction” so long as the U.S. person would not also be afforded rights beyond “standard minority shareholder protections,” meaning that the Final Rule’s notification requirements would not be applicable. To the extent that this exception is not available, U.S. persons that purchase our H Shares in this [REDACTED] may be required to file notifications with the Treasury. The notification obligations under the Final Rule rest with any U.S. person investing in the Company, and not the Company. Investors that are U.S. persons (as defined in the Final Rule) should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Final Rule in connection with this [REDACTED]. In addition, even though U.S. persons’ acquisitions of certain publicly traded securities (such as trades in our H shares on the Exchange following the completion of the [REDACTED]) 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. In addition, the application and implication of the Final Rule and possible changes to it, including pursuant to the America First Memo, the implementing regulations for the COINS Act, and any related policies, laws and regulations are complex, which may be changed and updated from time to time. Future changes in the Final Rule, the COINS Act, and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, and the market prices of our securities, including the H Shares.

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We may require additional capital in the future. However, we may be unable to raise capital or unable to raise capital on terms acceptable to us, which would have a material adverse effect on our business.

We may require additional external capital in the future to, among other things, finance our working capital, capital expenditures or other cash needs or to finance all or a portion of the cost of any acquisitions or investments we may make in the future. If that occurs, we may seek external financing through the issuance of equity or debt securities or through additional borrowings. If we raise funds or finance acquisitions or investments by issuing equity or debt securities, our shareholders may experience dilution. Debt financing, if available, may involve burdensome financial and other covenants, may require that we pledge collateral to secure the debt and will require us to use cash to pay interest and principal. Additional debt or equity financing may not be available in amounts, at times or on terms acceptable to us, or at all. If we are unable to obtain additional financing as and when needed, it would likely have a material and adverse effect on our business, results of operations and financial condition and could require, among other things, that we curtail our operations, sell assets, reduce research and development and other expenses and take other measures that could have a material adverse effect on our business.

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

To further expand our business and strengthen our market-leading position, we may form strategic cooperation or make strategic investments and acquisitions to fuel business growth. However, the availability of appropriate acquisition or investment targets may be limited due to intense competition in the market. As a result, we may not be able to identify or secure appropriate targets on commercially acceptable terms or within our desired time frame, or at all. In addition, acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and customers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected.

These transactions may result in higher interest expense, leverage and debt service if funded by additional debt, may dilute existing Shareholders' ownership if paid for with newly issued equity securities, and may lead to asset, including good will, write-offs, restructuring charges and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies and restrictions under regulations relating to competition policies. There can be no assurance that our acquisitions, joint ventures and other strategic investments will be successful and will not have a material and adverse impact on our business, results of operations and financial condition.

Our operations and our supply chain are susceptible to natural disasters and other events beyond our control, which may materially and adversely affect our business and operating results.

Our corporate headquarters and a significant portion of the wafer foundries and OSAT partners utilized by us are located in Asia, many of which are situated in or near seismically active regions. Consequently, these locations are inherently exposed to the risk of periodic earthquakes and tsunamis. Furthermore, our operations and supply chain may be disrupted by other unforeseen events, including but not limited to, political unrest, war, labor strikes, work stoppages, epidemics, pandemics, or other public health crises. In the event of the occurrence of any such natural disasters or other unforeseen events, we or one or more of our critical vendors may experience an inability to continue operations for an extended period, or may be rendered permanently unable to resume operations altogether. Such disruptions could lead to significant and prolonged delays in the shipment of our services, pending our ability to successfully transfer manufacturing, packaging, or testing activities from an affected contractor to an alternative third-party vendor. There can be no assurance that alternative

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capacity would be available or could be secured on commercially reasonable terms, if at all, to mitigate such delays. Any such disruptions or problems within our operations or supply chain could severely impair our ability to market and sell our services, thereby materially and adversely impacting our business, financial condition, and results of operations.

If we experience increases in labor costs, shortages of labor, deterioration in labor relations, or the loss of key personnel, our business, operating costs and results of operations may be materially and adversely affected.

Labor costs have been fluctuating and may continue to rise in the future. Our staff costs amounted to RMB1,151.1 million, RMB1,331.7 million and RMB1,466.2 million in 2023, 2024 and 2025, respectively. Any increase in labor costs may lead to higher operating costs and we may not be able to pass such increases on to our customers. In addition, we cannot assure you that we will not experience labor shortages, particularly of skilled personnel with critical project management and strategic decision-making capabilities required to oversee complex projects and implement new technologies.

We also seek to maintain favorable labor relations with our employees, as our long-term growth depends on their expertise, experience and development. However, we cannot assure you that we will not experience labor disputes in the future. Any deterioration in labor relations may result in disputes, strikes, claims, legal proceedings and reputational damage, as well as labor shortages that could disrupt our operations and lead to the loss of experience, know-how and trade secrets.

Our business operations also depend on the continued services of our key personnel, particularly members of our senior management team. If one or more of such personnel are unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner, or at all, and may incur additional costs in recruiting and retaining suitable replacements. In addition, such personnel may join competitors or establish competing businesses, and we cannot assure you that we will be able to effectively enforce our contractual rights under their employment agreements. The loss of any key personnel could adversely affect our operations and strategic execution.

Any negative publicity or unfavorable results of legal or regulatory proceedings may materially and adversely affect our reputation, business, financial condition and results of operations.

We, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation and incur substantial costs in response to allegations and negative publicity.

In addition, we, our Directors and senior management may become subject to a variety of litigation and legal compliance risks. Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel.

We face risks in relation to inability to obtain and maintain the approvals, licenses and permits required for our operations.

We are required to maintain various approvals, licenses and permits in order to operate our business. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations. Also, they may be valid only for a fixed period of time and subject to renewal and accreditation.

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We may experience difficulties, delays, or failures in obtaining the necessary approvals, licenses and permits for our businesses. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licenses and permits required for our existing business operations in a timely manner, or at all. If we fail to obtain and/or maintain required approvals, licenses, or permits, our ongoing business could be interrupted, and our expansion plan may be delayed. For example, our Taiwan branch is in the process of obtaining the approval from the Investment Commission of the Ministry of Economic Affairs of Taiwan in relation to the change of registration of PRC investor status. There can be no assurance that such approval will be obtained in a timely manner, or at all, and failure to obtain such approval may subject us to regulatory penalties, including fines, orders to unwind the investment, or revocation of registration or recognition of the relevant foreign entity.

Complying with government regulations may require substantial expenses, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expenses, and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies, which could have a material and adverse impact on our business, results of operations and financial condition.

Our goodwill may be subject to impairment, which could adversely affect our results of operations.

As of December 31, 2025, our goodwill amounted to RMB177.7 million. We test the goodwill and intangible assets for impairment on an annual basis and when events occur or circumstances change that indicate that the fair value of the reporting unit may be below its carrying amount. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions regarding revenue growth rates, capital expenditures, working capital requirements, tax rates, benefits associated with a taxable transaction and synergies. See “— We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.” Declines in market conditions, a trend of weaker than anticipated financial performance of our reporting units, or an increase in the market-based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may be impaired. Any impairment of our goodwill could have a material adverse effect on our results of operations.

The preferential tax treatments granted by the PRC government may become unavailable.

While PRC corporate income tax has a standard rate of 25% on a company’s taxable income, the Company and certain of our subsidiaries were entitled to a preferential income tax rate of 15% during the Track Record Period. Continued eligibility for preferential tax treatment is subject to certain requirements and recognition and evaluation by the relevant government authorities in the PRC. Also the standards for and continued maintenance of these preferential tax treatments could change at any time. We cannot assure you that we will continue to receive such preferential tax treatment at historical levels, or at all. The Company and the relevant PRC subsidiaries might be subject to the PRC enterprise income tax at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

Fluctuations in foreign currency exchange rates could adversely affect our business.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

During the Track Record Period, we received a part of payments in foreign currencies, and we expect this to continue for the foreseeable future. As a result, any fluctuations in exchange rates between such foreign currencies and RMB may result in exchange gains or losses and may adversely affect our operating results. In 2023 and 2024, we recorded net

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foreign exchange gains of RMB16.5 million and RMB13.6 million. In 2025, we recorded net foreign exchange losses of RMB22.5 million. Furthermore, the [REDACTED] from the [REDACTED] will be received in Hong Kong dollars, and we expect a substantial portion of which to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could have a material and adverse impact on our business, results of operations and financial condition.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities comprise advances received from our customers. We may require our customers to pay the consideration for their purchases from us upon or prior to the delivery of the services. As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB486.7 million, RMB606.8 million and RMB1,258.5 million, respectively. See “Financial Information — Selected Balance Sheet Items — Contract Liabilities.” Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. If disruption to any of our suppliers occurs, we may fail to fulfill our contract obligations or meet market demand for our services, and our business, results of operations, liquidity and financial condition could be adversely affected.

We are subject to credit risk in collecting trade and other receivables and prepayment due from customers.

Our trade and other receivables and prepayment primarily consisted of trade receivables from third parties and related parties. As of December 31, 2023, 2024, and 2025, the net carrying amount of our trade and bill receivables was RMB1,230.1 million, RMB1,055.9 million and RMB1,721.9 million, respectively; the impairment of our trade receivables was RMB161.1 million, RMB201.1 million and RMB221.0 million, respectively; and our trade receivables turnover days amounted to 179 days, 195 days and 162 days in 2023, 2024 and 2025, respectively. See “Financial Information — Selected Items of Consolidated Statements of Financial Position — Trade, Bills and Other Receivables and Prepayment.”

There can be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Should the credit worthiness of our customers deteriorate, or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected.

In addition, there may be a risk of delay in payment by our customers within their respective credit period, which in turn, may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. If settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensation expenses.

We have adopted the Restricted A Share Incentive Schemes. See “Appendix IV — Statutory and General Information — Restricted A Share Incentive Schemes.” In 2023, 2024, and 2025, we recorded share-based compensation expenses of RMB3.6 million, RMB7.3 million and RMB41.6 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of

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our existing Shareholders and incur substantial share-based compensation expenses that could have a material and adverse impact on our results of operations.

We historically received government grants, and we may not receive such grants or subsidies in the future.

In 2023, 2024 and 2025, we recorded government grants of RMB37.0 million, RMB33.7 million and RMB33.7 million, respectively. Not all of the government grants are recurring in nature. See “Financial Information — Principal Components of Results of Operations — Other Income.” Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government.

In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

We are subject to risks in relation to our properties.

We currently lease several premises in China. Under the PRC laws and regulations, lease agreements in general are required to be registered with the local real estate administration bureau. As of December 31, 2025, we and our major PRC subsidiaries had not registered 18 lease agreements for our aforementioned leased properties. We may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. The maximum aggregate amount of potential administrative penalties we would be subject to for the 18 lease agreements is RMB180,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

Changes in economic, political or social conditions or government policies and legal developments in the markets in which we operate could have a material adverse effect on our business and results of operations.

We operate our business in Chinese mainland and overseas. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, we are a company incorporated under the PRC laws and a majority of our assets are located in Chinese mainland, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in China. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

It may be complex to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a majority of our assets are located in Chinese mainland. In addition, most of our Directors and senior management reside in Chinese mainland. As a result, it may be complex for investors to effect service of process outside of Chinese mainland upon us, our Directors or senior management or to

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enforce judgments obtained against us in courts outside Chinese mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese mainland only if the jurisdiction has a treaty with Chinese mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible. On January 18, 2019, the Supreme People’s Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese mainland and those in Hong Kong.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and supporting guidelines, which became effective on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see “Regulatory Overview — Regulations on Securities and Filing for Overseas Listing” in this document. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to pay dividends to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

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RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of PRC and Hong Kong.

As our A Shares are listed on the Shanghai Stock Exchange, and our H Shares will be [REDACTED] on the main board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares are listed and traded on the Shanghai Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Hong Kong Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us and may not be an indication of the market price of our H Shares following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The [REDACTED] price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] volumes for our H Shares. A number of Chinese mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies has experienced significant volatility, including significant price declines after their [REDACTED]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward Chinese mainland-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our Shares. These factors may significantly affect the [REDACTED] and volatility of our Shares, regardless of our actual operating performance.

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

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our H Shares in the [REDACTED], the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

There can be no assurance that we will declare and distribute any amount of dividend in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. There is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and require approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC resident individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to the Arrangement between the Chinese mainland 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

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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 Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA 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. Considering the aforementioned, non-PRC resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on dividend and bonuses income realized from the H Shares. As of the Latest Practicable Date, no applicable PRC laws and regulations had expressly provided whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC enterprises listed on overseas stock exchanges, and there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of our H shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-PRC resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

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. 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 investment in our H Shares may be materially affected.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in the H Shares should be reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase the H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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Certain facts, forecast and other statistics in this Document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this Document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by the Company, the Joint Sponsors, any of our or their respective Directors, executive officers or representatives or any other person involved in the [REDACTED] and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire Document carefully and only rely on the information included in this Document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the [REDACTED]. Prior to the publication of this Document, there may be press and media coverage regarding the [REDACTED] and us. 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 our investors should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

In preparation of the [REDACTED], the Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Hong Kong Listing Rules provides that a new applicant for listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules further provides that the requirement in Rule 8.12 of the Hong Kong Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

The Company's business operations are primarily located outside Hong Kong and most of the Company's assets are located outside Hong Kong. Our executive Directors ordinarily reside outside of Hong Kong, as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rule 8.12 of the Hong Kong Listing Rules for sufficient management presence in Hong Kong.

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

- (i) the Company has appointed Dr. Wayne Wei-Ming Dai and Ms. Shi Wenli as the authorized representatives of the Company (the "Authorized Representatives") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Hong Kong Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Hong Kong Stock Exchange;
- (ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period. In addition, each Director has provided her/his contact details, including office phone numbers, mobile phone numbers (if any) and email addresses, to the Authorized Representatives and to the Hong Kong Stock Exchange, so that each of the Authorized Representatives and the Hong Kong Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact the Directors;
- (iii) the Company has appointed Altus Capital Limited as its Compliance Advisor for the period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the Company's financial results for the first full financial year commencing after the [REDACTED], or until the agreement is terminated, whichever is earlier. The Company's Compliance Advisor will act as the Company's additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange; and
- (iv) the Company has appointed designated staff members as the responsible communication officers at our headquarters to oversee regular communication with the Authorized Representatives and the Company's professional advisors in Hong Kong, including our legal advisors and the Compliance Advisor, keep abreast of any correspondence and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors, streamlining communication between the Hong Kong Stock Exchange and the Company following the [REDACTED].

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing “relevant experience,” the Hong Kong Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles he played;
- (ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

The Company has appointed Ms. Shi Wenli as one of the company secretaries of the Company. Ms. Shi Wenli joined the Group in July 2003. She currently also holds the positions of the executive Director, vice president, secretary of the Board and senior vice president of human resources and administration of the Company. See “Directors and Senior Management” for further biographical details of Ms. Shi Wenli. Although Ms. Shi Wenli does not possess the qualifications set out in Rule 3.28 of the Hong Kong Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Ms. Shi Wenli as its company secretary who is familiar with the Group’s internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Ms. Cheung Hin Kiu to act as the other joint company secretary to assist Ms. Shi Wenli in discharging the duties of a company secretary of the Company. Ms. Cheung Hin Kiu is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Hong Kong Listing Rules to act as a joint company secretary of the Company. See “Directors and Senior Management” for further biographical details of Ms. Cheung Hin Kiu.

Since Ms. Shi Wenli does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years since the [REDACTED] on the following conditions: (i) Ms. Shi Wenli must be assisted by Ms. Cheung Hin Kiu who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Hong Kong Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

- (i) in preparation of the application of the [REDACTED], Ms. Shi Wenli has attended training on the respective obligations of the Directors, senior managements and the Company under the relevant Hong Kong laws and the Hong Kong Listing Rules organized by the Hong Kong legal advisors to the Company;

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

- (ii) Ms. Cheung Hin Kiu will work closely with Ms. Shi Wenli to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Ms. Shi Wenli in acquiring the relevant experience as required under the Hong Kong Listing Rules for an initial period of three years from the [REDACTED], a period which should be sufficient for Ms. Shi Wenli to acquire the relevant experience as required under the Hong Kong Listing Rules;
- (iii) the Company will ensure that Ms. Shi Wenli continues to have access to the relevant training and support in relation to the Hong Kong Listing Rules and the duties required for a company secretary of an issuer listed on the Hong Kong Stock Exchange. Furthermore, both Ms. Shi Wenli and Ms. Cheung Hin Kiu will seek advice from the Company’s Hong Kong legal and other professional advisors as and when required. Ms. Shi Wenli also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and
- (iv) at the end of the three-year period, the qualifications and experience of Ms. Shi Wenli and the need for on-going assistance of Ms. Cheung Hin Kiu will be further evaluated by the Company. The Company will then endeavor to demonstrate to the Hong Kong Stock Exchange’s satisfaction that Ms. Shi Wenli, having had the benefit of the assistance of Ms. Cheung Hin Kiu for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Hong Kong Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange may revoke the waiver if Ms. Cheung Hin Kiu ceases to provide assistance to Ms. Shi Wenli during the three-year period.

Prior to the expiry of the three-year period, the Company will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Shi Wenli has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions with connected persons that will constitute continuing connected transactions under Chapter 14A of the Listing Rules after the [REDACTED]. We have applied to the Stock Exchange for[, and have been granted,] a waiver from strict compliance with certain requirements of Chapter 14A of the Listing Rules. Details of such transactions, together with the relevant waivers granted are set out in “Connected Transactions.”

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Wayne Wei-Ming Dai . .	6943 Longfellow Ct. San Jose California 95129 U.S.	American
Mr. Wei-Jin Dai	28065 Natoma Road Los Altos Hills California 94022 U.S.	American
Mr. Wang Yang (汪洋)	Room 301, Unit 2, 1/F No. 39 South Landianchang Road Haidian District Beijing PRC	Chinese
Ms. Shi Wenli (石雯麗)	Room 501, No. 4, Lane 1889 Pingliang Road Yangpu District Shanghai PRC	Chinese
Non-Executive Directors		
Ms. Chen Hong (陳洪)	Room 1202, No. 21, Lane 169 Qingshan Road Minhang District Shanghai PRC	Chinese
Mr. Chen Xiaofei (陳曉飛) .	No. 27 Jiangdong Road Zhangjiang Town Pudong New Area Shanghai PRC	Chinese
Mr. Sun Guodong (孫國棟) .	Courtyard Jia No. 2 Caishikou Street Xicheng District Beijing PRC	Chinese
Independent Non-Executive Directors		
Mr. Cai Hong Ping (蔡洪平).	Block 1, Star Crest 9 New Wan Chai Street Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Dr. Huang Sheng (黃生) . . .	Room 802, Building 1 Biyun Xiaoyuan Lane 358, Hongfeng Road Pudong New Area Shanghai PRC	Chinese
Dr. Li Ting Wei	No. 371, Lane 1517 Huqingping Highway Qingpu District Shanghai PRC	Dutch
Dr. Dahong Qian	Room 403, Building 1 No.33 Leshan Road Xuhui District Shanghai PRC	American
Mr. Sun Jiangang (孫建鋼) .	Room 1502, No. 4, Lane 259 Huangjincheng Road Changning District Shanghai PRC	Chinese

For further details, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited

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Hong Kong

UBS Securities Hong Kong Limited

52/F, Two International Finance Centre

8 Finance Street

Central

Hong Kong

(in alphabetical order)

[REDACTED]

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Accountants**

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

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China Insights Industry Consultancy Limited

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[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 20A, Zhangjiang Center 289 Chunxiao Road China (Shanghai) Pilot Free Trade Zone, PRC
Headquarters and Principal Place of Business in the PRC	Room 20A, Zhangjiang Center 289 Chunxiao Road China (Shanghai) Pilot Free Trade Zone, PRC
Place of Business in Hong Kong	Room 1915, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Joint Company Secretaries	Ms. Shi Wenli (石雯麗) Room 20A, Zhangjiang Center 289 Chunxiao Road China (Shanghai) Pilot Free Trade Zone, PRC Ms. Cheung Hin Kiu (張顯翹) <i>(a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1915, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay, Hong Kong
Authorized Representatives	Dr. Wayne Wei-Ming Dai Room 20A, Zhangjiang Center 289 Chunxiao Road China (Shanghai) Pilot Free Trade Zone, PRC Ms. Shi Wenli (石雯麗) Room 20A, Zhangjiang Center 289 Chunxiao Road China (Shanghai) Pilot Free Trade Zone, PRC
Audit Committee	Dr. Huang Sheng (黃生) (<i>Chairperson</i>) Ms. Chen Hong (陳洪) Mr. Sun Jiangang (孫建鋼)
Nomination Committee	Dr. Li Ting Wei (<i>Chairperson</i>) Dr. Dahong Qian Ms. Shi Wenli (石雯麗)
Remuneration and Appraisal Committee	Mr. Sun Jiangang (孫建鋼) (<i>Chairperson</i>) Ms. Chen Hong (陳洪) Dr. Huang Sheng (黃生)
Strategy and ESG Committee	Dr. Wayne Wei-Ming Dai (<i>Chairperson</i>) Mr. Cai Hong Ping (蔡洪平) Dr. Li Ting Wei Mr. Sun Guodong (孫國棟)
Compliance Advisor	Altus Capital Limited

CORPORATE INFORMATION

[REDACTED]

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PRC

Company's Website

www.verisilicon.com
(A copy of this document is available on the Company's website. Except for the information contained in this document, none of the other information contained on the Company's website forms part of this document)

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC. We engaged CIC to prepare an independent industry report in connection with the [REDACTED] (the “CIC Report”). The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate.

I. OVERVIEW OF THE GLOBAL IC INDUSTRY

Integrated circuits (ICs) are miniaturized electronic circuits fabricated on wafers using semiconductor manufacturing processes. ICs nowadays are widely used in data centers, consumer electronics, automobile, communications, industrial and other sectors. The market size of the global IC industry reached USD677.9 billion in 2025, and is expected to increase to USD1,370.5 billion in 2030, at a CAGR of 15.1%.

IC industry value chain

The IC industry’s upstream suppliers primarily serve the midstream IC design segment by providing silicon design services, semiconductor IP, Electronic Design Automation (EDA) tools, manufacturing, and packaging and testing services, altogether translating IC specifications into physical layouts, fabricated wafers, and packaged semiconductor chips. IC design largely determines the product function, performance, manufacturing cost and other attributes of the end chip, and the design segment represents a significant source of value creation within the IC industry. The downstream includes system vendors in computer systems, communications, consumer electronics, automotives, and other sectors.

The rise of the “design-lite” model

Since the 1960s, the global IC industry has undergone the shift through three business models. **The IDM model** used to be dominant, with companies controlling the full value chain across design, manufacturing, and packaging. With the rise of personal computing and the escalating cost of advanced fabrication, this model became increasingly unsustainable. Wafer foundries such as TSMC created **the fabless model**, where chip companies may focus on IC design while outsourcing manufacturing and packaging to partners. It reduced the capital expenditures (Capex) of chip companies and improved responsiveness to faster product cycles.

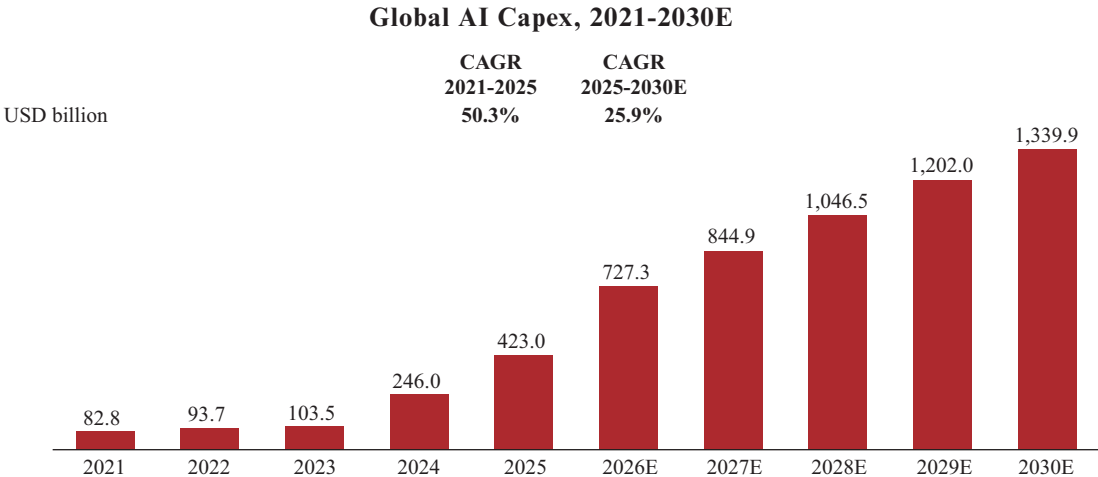
The most recent shift commenced in the 2000s and continues today, driven by the smartphone and mobile Internet revolution, and subsequent waves of smart devices. Escalating design complexity and constantly evolving architecture have increased development risk and resource requirements. Third-party design service providers, such as custom silicon service and IP providers, led the wave of “**design-lite**,” where fabless companies may further concentrate on chip definition and system architecture while outsourcing software, front-end and back-end implementation and production management to these service providers. This approach reduces operating expenses (Opex) for fabless companies whose R&D expenses could amount to 25%-30% of their revenues, improves design efficiency, and shortens time-to-market.

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II. OVERVIEW OF CUSTOM SILICON SOLUTIONS

Rapid acceleration of global investment in AI computing

Artificial Intelligence has evolved into a structural, multi-decade global shift. Since the 2022 inflection point marked by the launch of ChatGPT, the rapid adoption of Large Language Models (LLMs) has catalyzed a fundamental transformation in computing demand. Such demand requires significant AI infrastructure support. The AI capital expenditure, led by global technology leaders such as Amazon, Google, Microsoft and Meta, nearly doubled each year from 2023 to 2025, reaching USD423.0 billion in 2025, and is expected to increase to over USD1.3 trillion by 2030.



The Strategic Pivot: ASICs as the Efficiency Frontier

Unlike traditional workloads, AI computation is dominated by highly structured tensor and matrix operations. Furthermore, AI performance is increasingly constrained by data movement rather than raw compute, requiring customized memory hierarchies, high-bandwidth interconnects, and tightly integrated accelerators to optimize system efficiency. In this context, architectural specialization, in contrast to generality, plays a critical role in improving efficiency. As noted by David Patterson and John Hennessy — global pioneers in computing architecture and Turing Award winners — domain-specific architectures (DSAs) can achieve substantially higher performance and energy efficiency than general-purpose processors.

As a result, global and Chinese system vendors across the industry are pivoting to proprietary, AI-specific custom silicon, or “AI ASICs.” By utilizing DSAs, ASICs optimize the total cost of ownership (TCO), delivering superior performance-per-watt and deterministic latency compared to general-purpose processors.

The adoption of ASICs is becoming increasingly widespread, with examples including Google’s TPU, Amazon’s Trainium, and Groq’s LPU (which has been integrated into NVIDIA’s LPX systems), among others. It is expected that approximately 40% of AI server chip shipments will be contributed by AI ASICs by 2026.

On top of that, AI ASIC deployment will expand rapidly from cloud infrastructure to edge environments. The next wave of scaling and commercialization will center on fine-tuning of vertical large models and edge inference that is tailored to domain-specific applications, such as healthcare, finance, and education. Consistent with this shift, intelligent computing chips for edge inference and fine-tuning are expected to surpass those for cloud training by 2028.

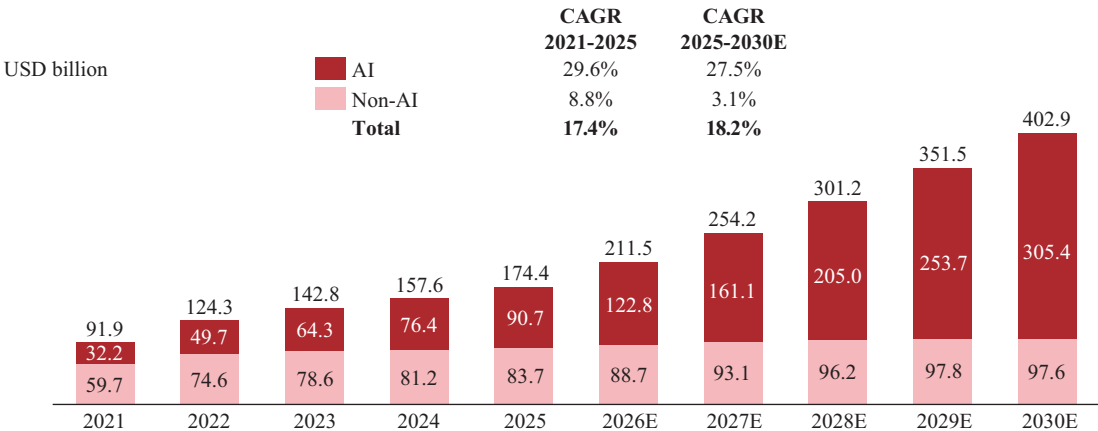
This transition spans a number of large-sized or fast-growing end-markets, such as automotive, smartphones, AI PCs and tablets, AI glasses, AI toys, and robotics, among others. For example, the global shipment of AI glasses is expected to exceed 15 million in 2026 with a year-on-year increase of more than 70%, while AI toys equipped with offline AI models are

INDUSTRY OVERVIEW

expected to begin mass-production globally from 2027 with a shipment of over 5 million in the same year. These diverse edge scenarios impose distinct semiconductor requirements, including stringent power efficiency and thermal management for battery-powered devices, ultra-low latency for real-time responsiveness, and compact form factors accommodating limited physical space. AI ASICs are well positioned to meet these requirements efficiently.

According to CIC, the global ASIC market size reached USD174.4 billion in 2025, and is expected to increase to USD402.9 billion in 2030. Therein, the AI ASIC market is growing at a significantly faster pace than the overall market.

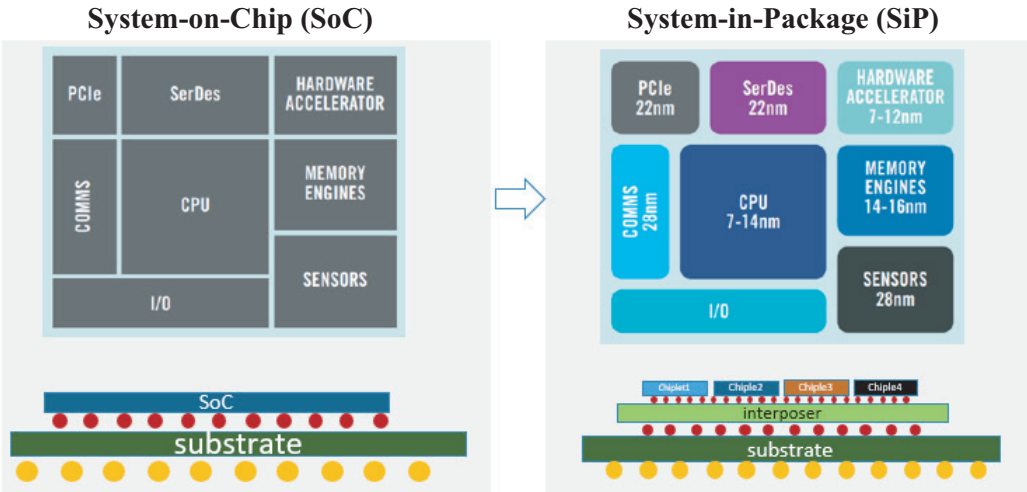
Global ASIC market size, in terms of revenue, 2021-2030E



Source: WSTS, Omdia, CIC

Custom silicon solution providers are essential enablers of ASICs

System-in-Package (SiP) technology has evolved from a packaging convenience into a strategic architectural pivot, essential for the next generation of high-performance computing and edge AI. Unlike monolithic System-on-Chip (SoC) designs that require every component to share a single, expensive process node, SiP enables heterogeneous integration. This modularity optimizes performance-per-watt by utilizing advanced 2.5D and 3D interconnects to minimize parasitic capacitance, effectively lowering the energy required for data movement. Furthermore, by utilizing a chiplet framework of pre-validated functional blocks, SiP drastically accelerates time-to-market, bypassing the multi-year design and verification cycles of massive single-die systems. As monolithic scaling hits the “reticle limit” and faces soaring yield-related costs, SiP provides the economic and physical path forward for “More than Moore’s scaling.”



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While enabling higher computational density, SiP also introduces significant technical challenges for IC design companies, including increased design complexity, more demanding thermal and signal integrity requirements, and higher tape-out risk, all under shorter development timelines. In the meantime, the industry is undergoing a strategic convergence where chip companies integrate software and systems while system vendors develop proprietary ASICs to achieve vertical optimization and cost efficiency. This shift significantly accelerates the development of custom silicon solution providers, who serve as the essential bridge for system vendors to navigate the complexities of design, manufacturing and high-performance packaging. They provide chip development support from specification to mass production, including IP integration, front-end and back-end implementation, and turnkey coordination of wafer fabrication and packaging. In light of the design-lite trend, they allow customers to optimize operating expenses, focus on developing their core technical advantages, and shorten time-to-market in order to improve competitiveness.

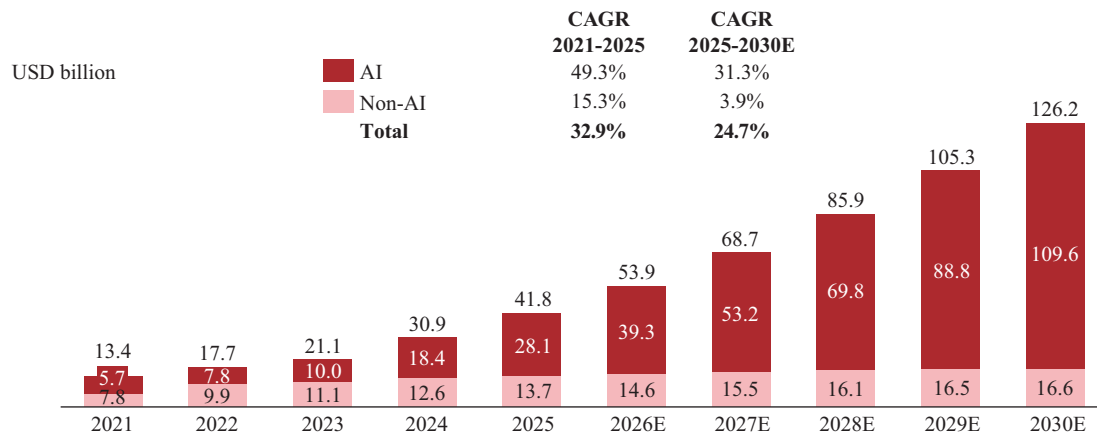
Proven success and massive opportunities for custom silicon solution providers

The success of this model is demonstrated globally by leading U.S. players such as Broadcom and Marvell, who derived a significant proportion of revenue growth in recent years from providing custom silicon solutions for tech giants that are developing proprietary AI ASICs, such as Google, Microsoft, Meta, Amazon, and OpenAI, among others.

Leading Chinese cloud service providers (CSPs), such as Alibaba, Baidu, Tencent and ByteDance, are also significantly increasing their investments in AI related capital expenditure, especially AI compute with their proprietary AI ASICs. This shift is expected to create a massive strategic opportunity for leading custom silicon solution providers in China.

According to CIC, the global custom silicon solution market size reached USD41.8 billion in 2025, and is expected to increase to USD126.2 billion in 2030. Therein, AI ASIC solution market size reached USD28.1 billion in 2025, and is expected to increase to USD109.6 billion in 2030, at a significantly faster growth rate compared to the overall market.

Global custom silicon solution market size, in terms of revenue, 2021-2030E



Source: WSTS, Omdia, CIC

Growth drivers of custom silicon solutions include: (i) escalating full-chip integration complexity, as modern SiPs and SoCs integrate heterogeneous compute engines, advanced memory subsystems, and high-speed interfaces, significantly increasing cross-domain coordination requirements, while many system vendors lack the in-house capability to manage end-to-end; (ii) hardware-level competitive differentiation, as system vendors tightly co-optimize chip architecture with proprietary software stacks, algorithms, and system designs to achieve superior performance and efficiency, which is not replicable with standardized processors; and (iii) value-chain control, as system vendors seek to reduce reliance on merchant silicon beyond purely performance considerations by securing access to manufacturing resources, ensuring yield and reliability, and coordinating procurement and logistics operations to enable stable delivery.

INDUSTRY OVERVIEW

III. OVERVIEW OF SEMICONDUCTOR IP SERVICES

Overview of semiconductor IP

Semiconductor IP is a foundational pillar of modern IC development. It refers to pre-designed, reusable functional blocks that implement specific processing, interface, or system capabilities inside a chip. These IP blocks are integrated into SiPs and SoCs as building components rather than being re-designed from scratch, enabling faster development, lower risk, and proven functionality.

Modern chips incorporate a large number of specialized IP blocks, each responsible for distinct system functions and is indispensable to the overall chip performance. Digital IP and analog / mixed-signal and RF IP constitutes two primary semiconductor IP categories. The former implements logic-based processing and control functions that process, manage, and route digital data within an IC. The latter enables signal conversion, power management, and high-speed communication between chip components and external systems. In modern heterogeneous architectures, system performance depends not only on compute engines but also on the efficiency of data communication across the system.

Value proposition of semiconductor IP services

Historically, leading chip companies developed most foundational IP internally, similar to how early IDMs built proprietary EDA tools before the rise of third-party vendors. However, maintaining comprehensive in-house IP capabilities across all functional domains has become increasingly impractical.

Semiconductor IP providers emerged to address this challenge by offering reusable, silicon-proven IP blocks that can be integrated directly into new designs. By licensing in these foundational but resource-intensive components, IC design companies can reduce development cost and risk while allowing internal teams to focus on system architecture, software integration, and product differentiation.

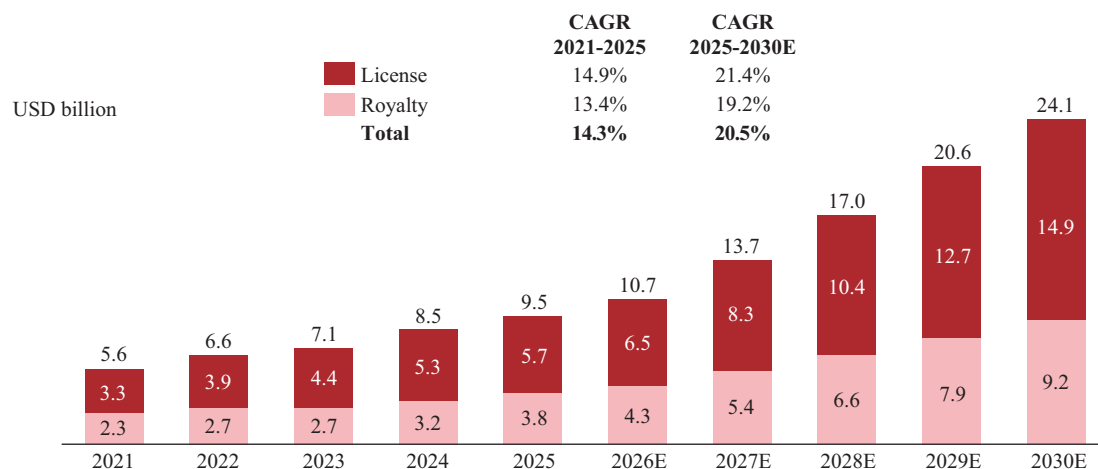
As the IC industry shifts toward the design-lite model and product cycles continue to shorten, this approach has become increasingly central to modern chip development. Reusable IP enables designers to avoid rebuilding core functions from scratch, improving development efficiency while maintaining performance and reliability.

Market size

According to CIC, the global semiconductor IP service market size reached USD9.5 billion in 2025, and is expected to increase to USD24.1 billion in 2030, at a CAGR of 20.5%. It consists of two revenue models, namely, license and royalty. License revenue represents upfront payments for IP access typically associated with new businesses, and reflects ongoing innovation and technological advancement. Royalty revenue represents recurring payments tied to chip production volumes, providing stable income from established, silicon-proven IP that has achieved market adoption.

INDUSTRY OVERVIEW

Global semiconductor IP service market size, in terms of revenue, 2021-2030E



Source: IPnest, CIC

Growth drivers of semiconductor IP services include: (i) expanding global IC design activity across diverse applications, which increases demand for verified interface, memory, security, and compute IP blocks; (ii) escalating verification and tape-out risks at advanced process nodes, where silicon-proven IP reduces costly design iterations and improves first-pass success rates; (iii) compressed product cycles that favor modular reuse of pre-validated IP over in-house development to accelerate time-to-market; and (iv) AI proliferation driving demand for specialized functional blocks such as NPUs, high-bandwidth memory controllers, and advanced interconnect fabrics.

IV. COMPETITIVE LANDSCAPE

Custom silicon solutions

Custom silicon solution providers primarily comprise two types: full-stack providers and back-end focused providers. Full-stack providers command the complete design flow from front-end architecture to back-end implementation, ensuring seamless optimization across all stages, whereas back-end focused providers are typically confined to specific foundry processes and mainly focus on back-end physical implementation tasks without architectural influence. In 2025, over 80% of the combined revenue of the world’s top ten custom silicon solution providers was generated by full-stack providers.

VeriSilicon was the world’s fourth largest full-stack custom silicon solution provider in terms of revenue in 2025, and the largest Chinese mainland player therein. It is also the only top five player with a highly synergistic semiconductor IP service business.

Besides, it is a pureplay provider who is solely focused on custom silicon solutions, compared to certain peers who provide merchant silicon products as their primary business. Pureplay providers remain strictly service-oriented, avoiding potential conflicts of interest with customers. This positioning, combined with a foundry-neutral approach, enhances trust, operational flexibility, and supply chain resilience.

INDUSTRY OVERVIEW

Ranking of full-stack custom silicon solution providers, in terms of revenue, 2025

Rank	Company	Global custom silicon solution revenue, USD billion, 2025	Market share, 2025	Pureplay provider
1	Company A	12.80	30.6%	No
2	Company B	1.23	3.0%	Yes
3	Company C	1.20	2.9%	No
4	VeriSilicon	0.33	0.8%	Yes
5	Company D	0.22	0.5%	No

Source: Annual reports, expert interviews, CIC

Notes:

1. Company A was founded in 1961 and is based in the US. It provides semiconductor and infrastructure software solutions for data centers and networking, and is listed on Nasdaq.
2. Company B was founded in 2015 and is based in Japan. It provides custom silicon solutions, and is listed on the Tokyo Stock Exchange.
3. Company C was founded in 1995 and is based in the US. It is a fabless semiconductor company providing data infrastructure semiconductor solutions, and is listed on Nasdaq.
4. Company D was founded in 1997 and is based in Taiwan. It is a fabless semiconductor company providing system-on-chip solutions, and is listed on the Taiwan Stock Exchange.

Semiconductor IP services

The semiconductor IP landscape can be broadly categorized into three types of players: (i) EDA vendors that offer foundational physical and interface IP as an extension of their EDA ecosystems; (ii) IP providers whose core revenues are anchored in digital IP, and in particular, processor IP, which is also often referred to as Star IP; and (iii) specialized IP providers focused on non-digital IP, such as memory and connectivity.

Digital IP occupies a central position in system architecture and compute value creation. As the AI-driven shift toward heterogeneous computing accelerates, increasingly complex IC designs demand integrated, multi-domain digital IP portfolios. An extremely limited number of providers possess the capability to deliver across multiple mainstream digital IP domains at scale.

While VeriSilicon differentiates itself with a comprehensive IP portfolio by holding the largest number of IP categories across both digital and analog / mixed-signal and RF IP, its primary revenues are anchored in digital IP. Within this type of players, VeriSilicon was the world’s second largest semiconductor IP provider in terms of total IP revenue in 2025.

Besides, VeriSilicon was the world’s eighth largest semiconductor IP provider in terms of total IP revenue in 2025, and the largest Chinese mainland player therein. It was also the world’s sixth largest semiconductor IP provider in terms of IP license revenue in 2025. IP license revenue reflects not only the new businesses but also ongoing innovation and technological advancement.

INDUSTRY OVERVIEW

Ranking of semiconductor IP providers primarily focused on digital IP, in terms of total IP revenue, 2025

Rank	Company	Global IP revenue, USD billion, 2025	Market share, 2025
1	Company E	4.25	44.8%
2	VeriSilicon	0.11	1.2%
2	Company F	0.11	1.2%
4	Company G	0.09	0.9%

Ranking of semiconductor IP providers, in terms of total IP revenue, 2025

Rank	Company	Global IP revenue, USD billion, 2025	Market share, 2025	Type/IP focus
1	Company E	4.25	44.8%	Dominant provider of CPU architecture within digital IP
2	Company H	1.75	18.5%	EDA vendor, deeply integrating physical and interface IP with foundry processes
3	Company I	0.74	7.8%	EDA vendor, deeply integrating physical and interface IP with foundry processes
4	Company J	0.28	2.9%	Specialized interface IP provider, focusing on high-speed memory and connectivity
5	Company K	0.16	1.7%	Specialized memory IP provider, focusing on embedded memory
6	Company L (Acquired)	0.15	1.6%	Specialized interface IP provider, focusing on high-speed connectivity
7	Company M	0.12	1.3%	Specialized memory IP provider, focusing on embedded memory and reliability solutions
8	VeriSilicon	0.11	1.2%	Comprehensive IP provider, offering a spectrum of digital IP alongside a variety of analog / mixed-signal and RF IP
8	Company F	0.11	1.2%	Domain-specific digital IP provider, specialized in DSP
10	Company G	0.09	0.9%	Domain-specific digital IP provider, specialized in GPU

INDUSTRY OVERVIEW

Ranking of semiconductor IP providers, in terms of IP license revenue, 2025

Rank	Company	Global IP license revenue, USD billion, 2025	Market share, 2025
1	Company E	1.70	30.0%
2	Company H	1.59	28.1%
3	Company I	0.49	8.6%
4	Company J	0.28	4.9%
5	Company L (Acquired)	0.15	2.7%
6	VeriSilicon	0.09	1.7%
7	Company G	0.06	1.1%
7	Company N	0.06	1.1%
7	Company F	0.06	1.1%
10	Company M	0.04	0.7%

Source: Annual reports, expert interview, CIC

Notes:

- Company E was founded in 1990 and is based in the UK. It is listed on Nasdaq.
- Company F was founded in 2002 and is based in the US. It is listed on Nasdaq.
- Company G was founded in 1985 and is based in the UK. It is a private company.
- Company H was founded in 1986 and is based in the US. It is listed on Nasdaq.
- Company I was founded in 1988 and is based in the US. It is listed on Nasdaq.
- Company J was founded in 1990 and is based in the US. It is listed on Nasdaq.
- Company K was founded in 1995 and is based in the US. It is listed on Nasdaq.
- Company L was founded in 2017 and is based in the UK. It was acquired by a leading SoC company during 2025.
- Company M was founded in 2000 and is based in Taiwan. It is listed on the Taiwan Stock Exchange.
- Company N was founded in 2003 and is based in the US. It is listed on Nasdaq.

Competitive barriers

Extensive silicon design platform and IP reserves. Broad coverage of reusable IP portfolios and proven design platforms enable scalability across different applications. This asset base shortens development cycles and strengthens competitive positioning.

Market-proven IP portfolio. High-quality semiconductor IP is not developed in isolation. It is accumulated and refined through repeated silicon implementations across multiple chips, process nodes, and application scenarios. Over time, IP blocks are strengthened through silicon validation, software adaptation, system integration experience, and long-term deployment across diverse customer products. IP that has been widely implemented and market-proven is significantly more reliable than newly developed in-house alternatives.

Technical depth and talent resources. Advanced chip and IP development requires multidisciplinary expertise across digital, analog, verification, and system integration. Building and sustaining such engineering depth, including hardware-software co-design capabilities that deliver superior efficiency and integration outcomes, forms a long-term barrier.

Collaboration with industry-leading customers. Custom silicon solutions and IP development capabilities are refined through repeated engagements and high-volume silicon deployment. Accumulated implementation experience creates reliability advantages that are difficult for new entrants to match.

Ecosystem partnerships. Established relationships with foundries and other supply chain partners enable predictable tape-out schedules and manufacturing quality. This coordination capability is critical for complex ASIC execution.

INDUSTRY OVERVIEW

Synergy between custom silicon solutions and IP services. Combining custom silicon solutions with proprietary IP creates reinforcing advantages. Design engagements refine and expand IP portfolio, while proprietary IP enhances design capabilities, strengthening long-term competitiveness.

SOURCE OF INFORMATION

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on the global IC market, and other related economic data, at a fee of RMB500,000. CIC undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers are likely to continue to drive market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period. Our Directors confirm that, after making reasonable enquiries, there is no material 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.

REGULATORY OVERVIEW

Overview

All of the Company’s business operations in the PRC are subject to applicable PRC laws, administrative regulations, departmental rules and other regulatory documents. This section describes (1) the principal industry regulatory authorities of the Company’s existing business; and (2) an overview of the principal laws, regulations and policies applicable to the Company.

Industry Regulatory Authorities and Regulatory Regime

Ministry of Industry and Information Technology

The industry authority for the IC design industry in which the Company operates is the Ministry of Industry and Information Technology of the PRC (“MIIT”). The MIIT is responsible for the national industrialisation and informatisation, formulating and organizing the implementation of industrial planning, industrial policies and standards, monitoring the daily operation of the industries, and promoting the development and independent innovation of major technology.

Self-regulatory Organization

The industry self-regulatory organization of the industry in which the Company operates is China Semiconductor Industry Association. China Semiconductor Industry Association implements government industrial policies, conducts industrial and market research, promotes industry standardization, and provides consulting services to members and government authorities. Furthermore, it serves as a guiding hand for industry self-regulatory management, and proposes suggestions and opinions on industrial development to government departments.

Industry Policies

In June 2014, the State Council issued the Outline for the Development and Promotion of National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The Outline further put forward eight safeguard measures to promote the development of the IC industry, including the establishment of a national industrial investment fund, and promoting the implementation of tax support policies.

In January 2017, the National Development and Reform Commission (“NDRC”) announced the Guiding Catalog for Key Products and Services of Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄(2016版)》), which specified 8 industries in 5 major fields, further refined to 174 sub-directions under 40 key directions and nearly 4,000 segmented products and services, including integrated circuit chip products, integrated circuit materials, power electronic power devices and semiconductor materials, etc.

In July 2020, the State Council issued the Policies to Promote Quality Development of Integrated Circuit Industry and Software Industry in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), proposing that the integrated circuit industry and software industry is the core of the information industry and a key force leading the new round of technological revolution and industrial change, and specifying the preferential tax policies for state-encouraged integrated circuit production enterprises or projects, state-encouraged integrated circuit design, equipment, materials, packaging, testing enterprises and software enterprises, as well as state-encouraged key integrated circuit design enterprises and software enterprises.

REGULATORY OVERVIEW

In March 2021, the NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 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》), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of industries including integrated circuits.

In October 2021, the State Council issued the National Intellectual Property Protection and Use Plan during the 14th Five-Year Plan period (《“十四五”國家知識產權保護和運用規劃》), proposing to promote the high-quality creation of intellectual property. Efforts should be made to improve upon the policies for supporting high-quality creation and strengthen the creation and reserve of independent intellectual property in fields such as artificial intelligence, quantum information, IC, basic software, life health, brain science, biological breeding, aerospace technology and deep earth and sea exploration.

In December 2021, the State Council issued the 14th Five-Year Plan for the Development of Digital Economy (《“十四五”數字經濟發展規劃》), pointing out that during the “14th Five-Year Plan” period, the promotion of digital industrialization should be accelerated, which requires enhancement of the innovation capacity in key technologies, targeting sensors, quantum information, network communications, integrated circuits, key software, big data, artificial intelligence, block chain, new materials and other strategic and forward-looking areas, and improvement of the competitiveness in key industries by enhancing the supply chain system for key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence and industrial Internet.

In December 2023, the NDRC promulgated the Industrial Structure Adjustment Guidance Catalog (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which categorized integrated circuits as information industry, the 28th in the first category of Encouragement Catalog. The national standard industry of main business of the Company is integrated circuit design (I6520), which was categorized as the first category and an Encouraged Project of the Catalog.

Regulations on Foreign Investment in the PRC

According to the PRC Company Law promulgated by the Standing Committee of the National People’s Congress (the “**NPC Standing Committee**”) on December 29, 1993, last revised on December 29, 2023 and implemented on July 1, 2024, limited liability companies and joint-stock limited companies established within the territory of the PRC are subject to the PRC Company Law. Unless otherwise specified by the law on foreign investment, foreign-invested enterprises are also governed by the PRC Company Law.

According to 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 implemented on January 1, 2020, foreign investment refers to investment activities carried out directly or indirectly within the territory of the PRC by foreign natural persons, enterprises, or other organizations (the foreign investors), including the following situations: (1) a foreign investor establishing foreign-invested enterprises in the PRC individually or jointly with other investor; (2) a foreign investor acquiring shares, equity interests, property shares, or other similar rights and interests in enterprises within the territory of the PRC; (3) a foreign investor investing in and establishing new projects in the PRC individually or jointly with other investor; and (4) other forms of investment as stipulated by laws, administrative regulations, or the State Council. The Foreign Investment Law further implements the pre-establishment national treatment plus negative list management system for foreign investment. Pre-establishment national treatment means granting foreign investors and their investments no less favorable treatment than that granted to domestic investors and their investments at the investment admission stage. The negative list refers to the special access management measures imposed by the state on foreign investment in specific fields. The Foreign Investment Law grants national treatment to foreign investment outside the negative list. The negative list is promulgated or approved for promulgation by the State Council.

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According to the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the state encourages and promotes foreign investment, protects the legitimate rights and interests of foreign investors, regulates the management of foreign investment, continuously optimizes the foreign investment environment, and promotes a higher level of opening up.

According to the Measures for the 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 implemented on January 18, 2021, foreign investors or relevant parties in the PRC must submit a review application to the office of the working mechanism before making the following investments: (i) investing in fields related to national defense security, such as military industry and military industry support, as well as investing in areas surrounding military facilities and military industry facilities; and (ii) investing in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important fields that involve national security, and acquiring control over the target enterprise.

Regulations on Intellectual Property Rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPC Standing Committee on March 12, 1984, last amended on October 17, 2020 and implemented on June 1, 2021, the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and implemented on January 20, 2024, and the Interim Measures for Handling the Examination Operations Related to the Implementation of the Revised Patent Law (《關於施行修改後專利法的相關審查業務處理暫行辦法》) promulgated by China National Intellectual Property Administration ("CNIPA") on January 4, 2023 and implemented on January 11, 2023, the entity to which the inventor, the designer or the inventor of a service invention belongs may apply for granting a patent for invention, a utility model patent or a design patent. The transfer of patent application right or patent right is effective from the date of registration. The patent for invention is valid for 20 years, the patent for utility model is valid for 10 years, and the patent for design with an application date on or before May 31, 2021 is valid for 10 years, while that with an application date on or after June 1, 2021 is valid for 15 years, all calculated from the date of patent application.

Trademark

According to the Trademark Law of the PRC (2019 Amendment) (《中華人民共和國商標法》) promulgated by the NPC Standing Committee on August 23, 1982, last amended on April 23, 2019 and implemented on November 1, 2019, and the Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks are protected by the Trademark Law and related rules and regulations. The trademark is registered with the Trademark Office under CNIPA. The registered trademark is valid for 10 years. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within twelve months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The validity period of each renewal of registration is ten years, starting on the date of expiration of the previous validity period of the trademark. Where the renewal procedure has not been completed at the expiration of the time limit, the registered trademark shall be canceled.

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Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPC Standing Committee on September 7, 1990, last amended on November 11, 2020 and implemented on June 1, 2021, and the Regulations for Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on May 30, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, for the works of PRC citizens, legal persons or unincorporated organizations, including written works, computer software, and other ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, regardless of whether they are published or not, shall be entitled to copyright. The period of protection for the right of publication of the works of a legal person or an unincorporated organization, and the copyright (except for the right of authorship) of a work of office enjoyed by a legal person or an unincorporated organization shall be fifty years, ending on December 31st of the fiftieth year after the completion of the creation of the work, and the rights of reproduction, distribution, rental, exhibition, performance, projection, broadcasting, information network transmission, cinematographic rights, the rights of adaptation, translation, compilation, and other rights which shall be enjoyed by the copyright owner shall be fifty years, ending on December 31st of the fiftieth year after the work is first published, but the work shall no longer be protected if it has not been published within fifty years since its creation.

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last revised on January 30, 2013 and implemented on March 1, 2013, for the software developed by PRC citizens, legal persons or other organizations, regardless of whether it has been published or not, the owners enjoy the copyright. Software copyright shall come into being as at the date of completion of software development. The term of protection of the software copyright of a legal person or any other organization shall be 50 years, expiring on December 31 of the 50th year after the first publication of the software, but the software shall no longer be protected if it has not been published within fifty years since its creation.

Layout Designs of Integrated Circuits

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 “**Protection Regulations**”), promulgated by the State Council on April 2, 2001 and implemented on October 1, 2001, PRC natural persons, legal persons or other organizations that create layout designs shall enjoy the exclusive right to the layout design in accordance with the Protection Regulations. The exclusive right to the layout design arises from registration with the intellectual property administrative department of the State Council. Layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the exclusive right to the layout design is 10 years, calculated from the date of application for registration of the layout design or from the date of its first commercial exploitation anywhere in the world, whichever is earlier. However, regardless of whether it has been registered or commercially exploited, a layout design shall no longer be protected by the Protection Regulations 15 years after its creation.

Regulations on Import and Export

According to the Customs Law of the PRC (《中華人民共和國海關法》), issued by the NPC Standing Committee on January 22, 1987, and last amended and put into effect on April 29, 2021, the inbound and outbound means of transport, goods and articles must enter or leave the territory at places where there is a customs office. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the Customs in accordance with the law. The Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, and preventing and countering smuggling, and compiles customs statistics and handles other customs business. The consignees for imported goods and the consignors for export goods shall truthfully declare to the Customs, and submit import and export licenses and relevant documents for examination.

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According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) issued by the NPC Standing Committee on May 12, 1994, latest amended on December 27, 2025 and implemented on March 1, 2026, foreign trade operators shall submit documents and information related to their foreign trade operations to the relevant departments in accordance with the provisions made by the competent foreign trade department of the State Council or other relevant departments of the State Council in accordance with law. The competent foreign trade department of the State Council may, on the basis of the need to monitor the import and export situation, apply automatic import and export licenses to certain goods that can be imported or exported freely and publish the catalogs thereof.

According to the Regulations of the People's Republic of China on Customs Declaration Entity Registration Management (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and implemented on January 1, 2022, consignees and consignors of imported and exported goods and customs declaration enterprises that apply for record-filing shall obtain the qualification of market entities. Among them, consignees and consignors of imported and exported goods that apply for record-filing shall also obtain the record-filing for foreign trade operators.

Regulations on Foreign Exchange

According to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996 and last revised and implemented on August 5, 2008, there are no restrictions on international payments and transfers of foreign currencies (such as the payment of dividends or interest) under the current account. Foreign currency transactions in capital accounts, such as direct investments and capital injections, are still restricted and subject to approval or registration by the SAFE and other relevant PRC government authorities.

According to the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and implemented on December 26, 2014, the SAFE and its sub-offices/branch offices and the department of foreign exchange management shall supervise, administer and inspect the business registration, opening and use of account, cross-border income and expenditure, fund exchange and other conducts involved in the overseas listing of domestic companies. The domestic companies shall register for the overseas listing with the relevant materials at the foreign exchange bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《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》), promulgated by the PBOC and SAFE on December 24, 2025, which shall come into effect on April 1, 2026, while the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing shall be repealed simultaneously, PBOC, SAFE and their branches shall supervise, manage, and inspect the business registration, account opening and use, cross-border receipts and payments, fund remittance and exchange and other conducts related to the overseas listing of domestic enterprises. Domestic enterprises seeking overseas listing shall, within 30 working days from the first trading day of overseas listing or the completion of the over-allotment option, apply for overseas listing registration at a bank within the provincial-level regions or cities with independent planning status where they are registered.

According to the Notice on Optimizing Foreign Exchange Management to Support Foreign-related Business Development (《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 and implemented on June 1, 2020, on the premise of ensuring that the use of funds is truly compliant and in accordance with the current management regulations on the use of income from capital accounts, eligible enterprises are allowed to use capital account income, such as capital funds, foreign debts and overseas listings, for domestic payments without having to provide proof of authenticity to the bank in advance, one by one. The handling bank shall conduct spot checks after the event according to relevant requirements.

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According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), promulgated by SAFE and implemented on December 4, 2023, foreign exchange funds raised from overseas listings by domestic enterprises may be directly remitted to capital account settlement accounts, and funds in capital account settlement accounts may be freely converted and used.

According to the Capital Account Foreign Exchange Operational Guidelines (2024 version) (《資本項目外匯業務指引(2024年版)》), promulgated by the SAFE on April 3, 2024 and implemented on May 6, 2024, the funds raised by the domestic companies through overseas listing shall be repatriated to the PRC in principle and may be in RMB or foreign currency.

Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the NPC Standing Committee on February 22, 1993, and revised and implemented on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, strictly implementing job-specific quality standards, quality responsibilities, and corresponding assessment methods. It is prohibited to forge or counterfeit quality marks such as certification marks; it is prohibited to forge the origin of products or counterfeit or use the factory names and addresses of others; it is prohibited to adulterate or falsify products during production or sales, pass off fake goods as genuine, or pass off inferior goods as superior ones.

Regulations on Labor and Employment

Labor Law and Labor Contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》), issued by the NPC Standing Committee on July 5, 1994, and last revised and implemented on December 29, 2018, the employer shall establish and improve the rules and regulations in accordance with the law to protect workers' enjoyment of labor rights and fulfillment of labor obligations. The employer shall establish and improve the labor safety and health system, strictly implement national labor safety and health regulations and standards, educate workers on labor safety and health, prevent accidents in the labor process, and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), issued by the NPC Standing Committee on June 29, 2007, last amended on December 28, 2012 and implemented on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), issued and implemented by the State Council on September 18, 2008, stipulate the rights and obligations of the parties to an employment contract, including matters relating to the conclusion, performance and termination of the employment contract. The employer shall conclude a written labor contract with the workers and pay them labor remuneration in a timely manner and in full in accordance with the labor contract and state regulations. The employer may terminate the labor contract with the worker under certain circumstances and pay economic compensation to the worker in accordance with the law.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the NPC Standing Committee on October 28, 2010, and last revised and implemented on December 29, 2018, the employer shall register for social insurance with the local social insurance agency and pay social insurance premiums for the workers, including basic endowment insurance premiums, basic medical insurance premiums, work injury insurance premiums, unemployment insurance premiums and maternity insurance premiums. If the employer fails to pay social insurance premiums in full and on time, the social insurance levying and collecting agency shall order the payment or make-up of the premiums within a time limit, and impose an overdue fine of 0.05% per day from the date of the overdue

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payment. In case of failure to pay within the time limit, the relevant administrative department shall impose a fine of more than double but less than three times the amount in arrears.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), issued by the State Council on April 3, 1999, and last revised and implemented on March 24, 2019, the unit shall register with the housing provident fund management center for housing provident fund contributions and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. The payment and deposit ratio of housing provident fund of a worker and staff as well as a unit shall be not less than 5% of the monthly average salary in the last year. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Regulations on Land and Real Estate

Land Assignment

According to the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on May 19, 1990 and amended and implemented on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise exploit the land for economic activities within the term of use. Under such Regulations and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the NPC Standing Committee on July 5, 1994, last amended on August 26, 2019 and implemented on January 1, 2020, the local land administration authority shall enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Leasing Properties

According to the Civil Code of the PRC (《中華人民共和國民法典》), promulgated by the NPC Standing Committee on May 28, 2020 and implemented on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code of the PRC, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) authorities of the People's Government of the special municipality, municipality or county where the leased property is located. If a company fails to complete such procedures, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

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Regulations on Foreign Direct Investment

According to the Measures for Administration of Overseas Investments by Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, when conducting overseas investment, enterprises within the territory of the PRC (the “**Investment Entities**”) shall fulfill procedures such as approval and filing for overseas investment projects (“**projects**”), report relevant information, and cooperate with supervision and inspection. The scope of projects subject to approval management is sensitive projects directly undertaken by investment entities or through their controlled overseas enterprises; the scope of projects subject to filing management is non-sensitive projects directly undertaken by investment entities, that is, non-sensitive projects involving the direct investment of assets, equity, or the provision of financing or guarantees by investment entities. The aforementioned “sensitive projects” refer to projects involving sensitive countries and regions or sensitive industries. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which has been in effect since March 1, 2018, detailing the current sensitive industries.

According to the Measures for Administration of Overseas Investments (《境外投資管理辦法》), promulgated by the MOFCOM on March 16, 2009, revised on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial-level commerce authorities implement filing and approval management separately based on different circumstances of enterprises’ overseas investments. Approval management shall be implemented for overseas investments involving any sensitive countries and regions or any sensitive industries. Filing management shall be implemented for other circumstances of overseas investments.

On February 13, 2015, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment, canceling the approval of foreign exchange registration for direct investment. Banks directly review and handle foreign exchange registration for overseas direct investment. The SAFE and its branches implement indirect supervision over foreign exchange registration for overseas direct investment through banks.

Regulations on Internet Information Security and Privacy Protection

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), promulgated by the NPC Standing Committee on November 7, 2016, amended on October 28, 2025 and implemented on January 1, 2026, when constructing, operating networks, or providing services through networks, technical measures and other necessary measures shall be taken in accordance with the provisions of laws, administrative regulations, and the mandatory requirements of national standards to ensure cybersecurity, stable operation, effective response to cybersecurity incidents, prevention of cyber illegal and criminal activities, and maintenance of the integrity, confidentiality, and availability of network data.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the NPC Standing Committee on June 10, 2021 and implemented on September 1, 2021, the state establishes a data classification and graded protection system, implementing data classification and graded protection based on factors such as the importance of data in economic and social development. When conducting data processing activities, entities shall, in accordance with laws and regulations, establish and improve a full-process data security management system, organize data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security.

Regulations on Taxation

Enterprise Income Tax

According to the EIT Law issued by the NPC on March 16, 2007 and last revised and implemented on December 29, 2018, and the Regulations for the Implementation of the

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Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, last revised on December 6, 2024 and implemented on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Chinese resident enterprises are required to pay enterprise income tax at a rate of 25%. Qualified small-sized enterprises with thin profit are subject to a reduced enterprise income tax rate of 20%. The enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by state shall be levied at the reduced tax rate of 15%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was last amended by the Ministry of Science and Technology, the MOF and the STA on January 29, 2016 and effective from January 1, 2016, an enterprise recognized as a high and new technology enterprise is subject to a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to Announcement on Continuing the Enterprise Income Tax Policies for the Western Region Development (《關於延續西部大開發企業所得稅政策的公告》), promulgated by the MOF, the STA and the NDRC on April 23, 2020 and implemented on January 1, 2021, from January 1, 2021 to December 31, 2030, the enterprise income tax on an enterprise in an encouraged industry established in western China shall be paid at a reduced rate of 15%. The aforementioned “enterprise in an encouraged industry” means an enterprise whose main business is within the scope of industry projects set out in the Catalog of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》), and whose revenue from its main business accounts for 60% or more of its gross income.

According to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Self-Employed Individuals Concerning Tax and Fee Policies (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), promulgated by the MOF and the STA on August 2, 2023 and implemented on January 1, 2023, the policy of reducing the taxable income of small and micro enterprises by 25% and paying enterprise income tax at a rate of 20% shall be extended until December 31, 2027.

Value-added Tax

According to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the NPC Standing Committee of on December 25, 2024 and implemented on January 1, 2026, 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 value-added tax and shall pay value-added tax. Unless otherwise provided, the tax rate for the sales of goods, processing, repair and maintenance services, leasing services of tangible movables and import goods (except for particular categories specified by law) 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%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知》), promulgated on April 20, 2023 and implemented on January 1, 2023, from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

Tax on Dividends

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), promulgated by the NPC Standing Committee on September 10, 1980, revised on August 31, 2018 and implemented on January 1, 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》),

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promulgated by the State Council on January 28, 1994, revised on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises shall be subject to individual income tax at a unified rate of 20%. Foreign individuals who are non-residents of the PRC and receive dividends from PRC enterprises shall generally be subject to individual income tax at a rate of 20%, unless otherwise stipulated by the financial and taxation authorities of the State Council.

According to the EIT Law and the Regulations on the Implementation of the EIT Law, the enterprise income tax rate is 25%. Non-resident enterprises that do not establish institutions or establishments within the territory of the PRC, or that have established institutions or establishments but the income derived therefrom has no actual connection with such institutions or establishments, shall pay enterprise income tax on their income derived from sources within the territory of the PRC at a rate of 10%. For the aforementioned enterprise income tax payable by non-resident enterprises, withholding at source shall be implemented, with the payer serving as the withholding agent. The tax shall be withheld by the withholding agent from the payment or the amount payable when due each time a payment is made or when it becomes due.

According to the Circular of the State Administration of Taxation on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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》), promulgated by the STA and implemented on November 6, 2008, when PRC resident enterprises distribute dividends for the year 2008 and subsequent years to non-resident enterprise shareholders holding H shares outside the territory of the PRC, they shall uniformly withhold and pay enterprise income tax at a rate of 10%.

According to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed by the STA and the Government of the Hong Kong Special Administrative Region on August 21, 2006 and became effective on December 8, 2006, the Chinese mainland government may impose tax on dividends paid by PRC resident enterprises to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the gross amount of the dividends payable by the PRC resident enterprises, unless the relevant Hong Kong resident directly holds 25% or more of the equity in a PRC resident enterprise, in which case the tax shall not exceed 5% of the gross amount of the dividends payable by the PRC resident enterprise.

Regulations on Securities and Filing for Overseas Listing

According to the PRC Securities Law, promulgated by the NPC Standing Committee on December 29, 1998, last revised on December 28, 2019 and implemented on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities overseas shall comply with the relevant provisions of the State Council.

For domestic companies whose shares are subscribed for and traded in foreign currencies, specific measures shall be separately stipulated by the State Council. The CSRC is a securities regulatory institution established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the overseas issuance of securities and listing of enterprises within the territory of the PRC are mainly regulated by regulations and normative documents promulgated by the State Council and the CSRC.

According to the Overseas Listing Trial Measures and supporting guidelines, promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must file with the CSRC within three working days after submitting listing application documents to the relevant regulatory authorities of the

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intended listing venue. Enterprises that fail to complete the filing in accordance with the overseas listing regulations or conceal any material facts or fabricate any material false content in the filing documents may be subject to administrative penalties such as orders to make corrections, warnings and fines. Their controlling shareholders, actual controllers, directly responsible supervisors, and other directly responsible personnel may also be subject to administrative penalties such as warnings and fines. Under any of the following circumstances, domestic enterprises shall not conduct overseas issuance and listing: (i) listing for financing is explicitly prohibited by laws, administrative regulations, or relevant state provisions; (ii) upon review and determination by the relevant competent authorities of the State Council in accordance with the law, overseas issuance and listing may endanger national security; (iii) the domestic enterprise or its controlling shareholders or actual controllers have been involved in criminal offenses such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the past three years; (iv) the domestic enterprise is under investigation by law for suspected crimes or major violations of laws and regulations, and no clear conclusion has yet been reached; or (v) there are major ownership disputes over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or actual controllers.

According to the Provisions on Strengthening the Confidentiality and Archive Management Related to Overseas Issuance of Securities 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》), promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of the PRC on February 24, 2023 and implemented on March 31, 2023, domestic enterprises shall establish confidentiality and archive systems when issuing and listing securities in overseas markets. Domestic enterprises include domestic joint-stock limited companies that directly issue and list securities overseas and domestic operating entities of indirect overseas issuance and listing entities.

Laws and Regulations in the U.S.

Intellectual Property

In the United States, the regulation, acquisition, and enforcement of intellectual property assets (patents, trademarks, copyrights, and trade secrets) are governed by a combination of federal statutes, state laws, and administrative agency rules and procedures. Patents and copyrights are regulated exclusively by federal law pursuant to the Intellectual Property Clause of the U.S. Constitution. Trademarks are subject to shared jurisdiction between federal and state governments, with the federal government deriving their power to regulate trademarks through the Commerce Clause of the United States Constitution. Trade secrets are primarily regulated by states through unfair competition laws.

Patent law in the United States is governed by Title 35 of the United States Code and administered by the U.S. Patent and Trademark Office (“USPTO”), which examines and issues patents. The U.S. patent system operates on a first-inventor-to-file basis, under which priority is generally awarded to the first inventor to file a patent application. Patent law is further shaped by federal case law, with U.S. federal courts having primary jurisdiction over patent disputes and the U.S. Court of Appeals for the Federal Circuit exercising exclusive nationwide appellate jurisdiction over patent cases. Administrative proceedings regarding patent validity may also be conducted by the Patent Trial and Appeal Board (“PTAB”), while the International Trade Commission (“ITC”) has authority over certain patent infringement matters involving imported goods.

The USPTO issues three types of patents: utility patents, which protect new and useful processes, machines, manufactures, compositions of matter, and improvements thereof; design patents, which protect ornamental designs of articles of manufacture; and plant patents, which protect new varieties of asexually reproduced plants. To qualify for patent protection, an invention must fall within statutory subject matter and satisfy the requirements of utility, novelty, non-obviousness, and adequate disclosure. Certain subject matter, including abstract ideas, laws of nature, and natural phenomena, may not be patentable under U.S. law.

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A granted patent confers a time-limited right to exclude others from making, using, selling, offering for sale, or importing the patented invention in the United States. Upon expiration, the subject matter covered by the patent enters the public domain. Patent rights are considered a form of personal property and may be assigned, licensed, or otherwise transferred, in whole or in part. Patent infringement may be enforced through federal court litigation, with remedies including injunctive relief and monetary damages. However, patents confer only exclusionary (rather than affirmative) rights, and commercialization of a patented invention may still require compliance with other regulatory requirements.

Trademark law in the United States is governed federally by the Lanham Act, codified in Title 15 of the United States Code, and Title 37, Part 2 of the Code of Federal Regulations (CFR), under which the USPTO administers the federal trademark registration system. Trademarks may also be protected at the state level by statute or common law. Under state common law, trademarks are protected as part of unfair competition law. State statutes vary, but most states have adopted either a version of the Model Trademark Bill (MTB), which provides for trademark registration, or the Uniform Deceptive Trade Practices Act (UDTPA), which does not.

Trademark rights arise primarily through use of a mark in commerce rather than registration alone, although federal registration provides important advantages, including nationwide priority, presumptions of validity and ownership, and enhanced enforcement mechanisms. Federal and state courts have nonexclusive jurisdiction over trademark disputes, and trademark law operates alongside state statutory and common law regimes.

To obtain and maintain trademark protection, a mark must be distinctive, nonfunctional, and used in commerce. The Lanham Act provides civil causes of action for trademark infringement, dilution of famous marks, false designation of origin, and certain forms of unfair competition, with liability generally predicated on a likelihood of consumer confusion. Remedies include injunctive relief, monetary damages, and, in certain cases, enhanced remedies for willful infringement or counterfeiting. Trademark protection is territorial in nature and may continue indefinitely, provided the mark remains in use and retains its source-identifying function.

Copyright law in the United States is governed by the U.S. Copyright Act of 1976, codified in Title 17 of the United States Code, and administered by the U.S. Copyright Office. Copyright protection arises automatically upon creation of an original work of authorship fixed in a tangible medium of expression. Although registration is not required for protection, it is generally required to bring an infringement action in federal court and provides additional procedural and remedial benefits.

Federal law defines the scope of copyrightable subject matter, which includes literary, musical, pictorial, audiovisual, and software works, subject to certain limitations, including the exclusion of ideas, procedures, and functional elements.

Copyright owners are granted a bundle of exclusive rights, including the rights to reproduce, distribute, publicly perform or display, and prepare derivative works. These rights are subject to various limitations and defenses, including fair use. Infringement may be enforced through civil actions in federal court, with available remedies including injunctive relief, actual damages and profits, statutory damages, and attorneys’ fees in certain cases. Copyright protection is territorial in nature and generally lasts for the life of the author plus 70 years, after which the work enters the public domain.

Trade secrets in the United States are governed by the federal Defend Trade Secrets Act of 2016 (“DTSA”), codified in 18 U.S.C. § 1836 et seq., as well as by state laws, most of which are based on the Uniform Trade Secrets Act (“UTSA”), a model law adopted in some form by the majority of U.S. states. The DTSA establishes a federal private cause of action for trade secret misappropriation and provides for jurisdiction in U.S. federal courts, while preserving parallel state law claims. A “trade secret” is broadly defined to include financial, business, scientific, and technical information that derives independent economic value from not being generally known and is subject to reasonable measures to maintain its secrecy. Misappropriation generally encompasses the improper acquisition, disclosure, or use of such information without consent.

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The DTSA provides a range of civil remedies, including injunctive relief, monetary damages (such as actual loss, unjust enrichment, or reasonable royalties), and, in cases of willful and malicious misappropriation, exemplary damages and attorneys' fees. It also includes certain distinctive features, such as an ex parte seizure mechanism allowing courts, in limited circumstances, to seize property necessary to prevent dissemination of trade secrets, and a whistleblower immunity provision requiring notice in certain agreements. Notably, the DTSA does not preempt state trade secret laws, and companies may assert parallel claims under both federal and state regimes, which may have slightly different definitional standards.

In addition to civil liability under the DTSA, trade secret misappropriation may also give rise to criminal liability under the Economic Espionage Act of 1996, particularly where the conduct involves intent to benefit a foreign government or instrumentality.

Labor and Employment

Labor and employment law in the United States comprises federal and state statutes as well as common law, regulating wages, working conditions, workplace safety, anti-discrimination, employee benefits, and labor relations.

Federal Labor and Employment Laws

At the federal level, labor and employment law include the following key statutes:

Fair Labor Standards Act ("FLSA"). The FLSA requires covered employers to pay nonexempt employees the federal minimum wage for all hours worked and overtime (at 1.5 times the regular rate) for hours exceeding 40 per workweek. Where state law provides a higher minimum wage or greater overtime protection, it supersedes the FLSA as discussed below.

Equal Pay Act ("EPA"). The EPA prohibits sex-based wage discrimination, requiring that men and women receive equal pay for equal work performed for the same employer.

Immigration Reform and Control Act ("IRCA") & Form I-9. IRCA prohibits employers from knowingly hiring, recruiting, or employing individuals not authorized to work in the United States and requires verification of each employee's identity and employment eligibility via Form I-9.

Occupational Safety and Health Act ("OSHA"). OSHA imposes specific duties on employers-including safety training, recordkeeping, and incident reporting-to ensure safe working conditions. Regulations address particular hazards such as dangerous machinery. Certain states, including California, impose additional safety requirements that supersede federal standards where more stringent.

Title VII of the Civil Rights Act of 1964 ("Title VII"). Title VII prohibits employment discrimination based on race, color, national origin, sex (including pregnancy), and religion in hiring, promotion, discipline, discharge, and other employment actions. It also prohibits harassment based on protected-class membership and retaliation against employees who engage in protected activity, such as filing a discrimination complaint.

Age Discrimination in Employment Act ("ADEA") & Older Workers Benefit Protection Act ("OWBPA"). The ADEA prohibits discrimination and harassment against employees aged 40 or older with respect to hiring, promotion, and other terms and conditions of employment. The OWBPA amended the ADEA to prohibit age discrimination in employee benefits and to mandate special requirements for releasing ADEA claims.

Americans with Disabilities Act ("ADA"). The ADA prohibits discrimination against individuals with disabilities and requires employers to provide reasonable accommodations enabling qualified individuals to perform essential job functions.

Uniformed Services Employment and Reemployment Rights Act ("USERRA"). USERRA prohibits discrimination against past and present members of the uniformed services and protects the reemployment rights of employees who leave their positions for military service.

Genetic Information Nondiscrimination Act ("GINA"). GINA prohibits employers from using genetic information in employment decisions and from discriminating, harassing, or retaliating against applicants or employees based on such information.

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National Labor Relations Act (“NLRA”). The NLRA governs labor relations and grants employees the right to engage in protected concerted activity, including forming or joining unions, collective bargaining, striking, and discussing wages, benefits, and other terms of employment. The NLRA also prohibits employer unfair labor practices against employees exercising these rights.

Family and Medical Leave Act (“FMLA”). The FMLA provides eligible employees up to 12 weeks of unpaid, job-protected leave for: (1) a serious health condition rendering the employee unable to work; (2) care of an immediate family member with a serious health condition; (3) the birth, adoption, or foster placement of a child; or (4) a qualifying military exigency arising from a family member’s service or call to duty.

Fair Credit Reporting Act (“FCRA”). The FCRA governs the use and access of credit information in employment decisions and establishes standards for employment screening conducted by consumer reporting agencies.

Employee Retirement Income Security Act (“ERISA”). ERISA establishes standards for maintaining and administering retirement and health plans offered by private employers, including reporting and disclosure requirements.

Patient Protection and Affordable Care Act (“ACA”). The ACA imposes reporting and coverage requirements on employers, with obligations varying based on the number of full-time employees.

State Labor and Employment Laws

State labor and employment laws may impose additional or more stringent requirements than federal law, particularly regarding wage and hour rules, employee leave, workplace safety, and anti-discrimination protections.

California law generally imposes more expansive employment requirements than federal law, including higher minimum wages, more stringent overtime rules, and detailed meal and rest break mandates. California also provides state-specific leave entitlements, including family and medical leave, and imposes additional workplace safety obligations through state occupational safety and health regulations. In addition, California maintains comprehensive anti-discrimination protections and employee benefit requirements that may exceed federal standards.

California labor and employment law is anchored by the California Labor Code, the Industrial Welfare Commission’s (“IWC”) Wage Orders (codified in Title 8 of the California Code of Regulations), and civil rights statutes including the Fair Employment and Housing Act (“FEHA”). Together, these laws regulate wages, hours, working conditions, and workplace civil rights, enforced by the Labor Commissioner and the Civil Rights Department. The IWC Wage Orders establish industry- and occupation-specific rules on hours and working conditions, while FEHA and its implementing regulations define covered employers and protected classes and set the baseline for discrimination, harassment, and retaliation prohibitions.

California’s wage-and-hour requirements include daily and weekly overtime, double-time in specified circumstances, and strict rules on meal and rest periods, expense reimbursement, and wage statements. The Wage Orders authorize alternative workweek schedules and define overtime triggers beyond federal law.

Workplace civil rights in California are primarily governed by FEHA (Government Code § 12900 et seq.), which prohibits discrimination, harassment, and retaliation and requires reasonable accommodation through a good-faith interactive process for employees and applicants with disabilities. FEHA regulations define covered employers, an expansive list of protected classes, and the reasonable-accommodation process.

Texas, by contrast, generally aligns with federal law in most employment areas, including wage and hour requirements and workplace standards, although certain state-specific requirements may apply.

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Texas has no state minimum wage above the federal floor, nor does it mandate daily overtime or meal and rest periods — a sharp contrast to California’s IWC Wage Orders. California’s Wage Orders, codified in Title 8 of the California Code of Regulations, set industry- and occupation-specific standards, including daily overtime triggers and detailed working-conditions rules.

Regarding civil rights and leave, Texas relies primarily on the Texas Commission on Human Rights Act (“TCHRA”), administered by the Texas Workforce Commission Civil Rights Division, which mirrors federal protections under Title VII and the ADA; coverage, theories, and remedies generally track rather than expand upon federal law.

Laws and Regulations in relation to U.S. Outbound Investment Rule, Export Control and Sanctions

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) issued the Final Rule on Outbound Investment (“**Outbound Investment Rule**”), which implements Executive Order 14105, *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern*. The Outbound Investment Rule became effective on January 2, 2025.

The Outbound Investment Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, artificial intelligence (AI), quantum computing, and supercomputing in identified “countries of concern.” Currently, “countries of concern” under the Outbound Investment Rule are limited to the PRC, including the Special Administrative Region of Hong Kong (Hong Kong), and the Special Administrative Region of Macau (Macau).

As of January 2, 2025, “U.S. persons” are subject to certain compliance obligations when engaging in certain transactions with “covered foreign persons” from countries of concern (PRC, including Hong Kong, and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction.

On December 18, 2025, President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the law, and the Outbound Investment Rule will remain in force until those regulations are adopted.

Under the Outbound Investment Rule, if U.S. persons engage in a “covered transaction,” including a transaction that involves the acquisition of the equity interests of a “covered foreign person” that are not yet publicly traded, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. On December 23, 2025, the U.S. Department of Treasury published additional frequently asked questions (“**FAQs**”) on the Outbound Investment Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a “covered foreign person,” and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a “publicly traded security” in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into.

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U.S. Export Controls

The Export Control Reform Act of 2018 authorizes the U.S. President to implement “dual-use” export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security (“**BIS**”) administers the Export Administration Regulations (“**EAR**”), codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items “subject to the EAR” as defined at EAR §§ 734.2 – 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world.

In October 2022, BIS issued an interim final rule (the “**BIS October 2022 IFR**”) requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is “knowledge” that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. The BIS October 2022 IFR was amended in October 2023 to strengthen export controls relating to advanced computing and semiconductor manufacturing equipment. On December 2, 2024, BIS issued an interim final rule and a final rule, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items.

U.S. Sanctions

The U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the International Emergency Economic Powers Act (“**IEEPA**”). The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this Document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, “near-comprehensive” sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements “primary” and “secondary” sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC’s List of Specially Designated Nationals and Blocked Persons (“**SDN**”). All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group traces back to August 2001, when the predecessor of our Company, was established by our founder Dr. Wayne Wei-Ming Dai through Celestry Design Technologies, Inc. in China under the name of Celestry Microelectronics (Shanghai) Co., Ltd. (思略微電子(上海)有限公司), which was later renamed as VeriSilicon Microelectronics (Shanghai) Limited (芯原微電子(上海)有限公司) in July 2002. In March 2019, our Company was converted into a joint stock company with limited liability and renamed as VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司). In August 2020, the A Shares of the Company were listed on the Shanghai Stock Exchange STAR Market under the stock code of 688521.

Over the years of business development, we have become a leading public company that provides custom silicon solutions, leveraging our comprehensive, proprietary portfolio of semiconductor IPs.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Milestone
2001	The predecessor of the Company was established in Shanghai, PRC in August 2001.
2002	We began designing standard-cell library IP for foundries.
2003	We established our sales office and R&D center in San Jose, the United States, and sales office in Taipei, China.
2004	We acquired GDESIGN TECHNOLOGY (HK) LIMITED (眾華科技(香港)有限公司) and its subsidiary Shanghai Zhonghua Electronics Co., Ltd. (上海眾華電子有限公司) We began providing custom silicon service.
2005	We became the first ZSP design center in Chinese mainland certified by LSI.
2006	We acquired the DSP unit of LSI logic and added DSP IP into our IP portfolio. We established our sales offices in Tokyo, Japan and Nice, France, and R&D center in Dallas, the United States.
2007	We established our sales office and R&D center in Beijing, and sales team in Seoul, South Korea. We secured the PowerPC license.
2009	We designed a network switch chip based on IBM process.
2010	We established our sales team in Munich, Germany. We became the first hardware partner of Google’s WebM video format in Asia.
2011	We established our sales offices in Shenzhen and Hong Kong.
2013	We established our R&D center in Chengdu.
2014	We added IP design and custom silicon service for FD-SOI. We acquired the software development team and the image vision technology from ArcSoft.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2016	We acquired Vivante Corporation and added GPU IP to our IP portfolio. We achieved chip design and tape out based on 22nm FD-SOI and 14nm FinFET process nodes.
2017	We added NPU IP, BLE IP and NB-IoT IP to our IP portfolio.
2018	We added ISP IP to our IP portfolio. We achieved chip design and tape out based on 7nm FinFET process node. We spearheaded the establishment of the China RISC-V Industry Consortium (中國RISC-V產業聯盟).
2019	We commenced research and development on Chiplet technology.
2020	We added the FLEXA API for processor IPs. Our Company was listed on the Shanghai Stock Exchange STAR Market, known as “China’s first semiconductor IP stock.” We established our R&D centers in Nanjing and Haikou.
2021	Our ISP IP achieved the certificate of ISO 26262 Vehicle Functional-Safety. We achieved chip design and tape out based on 5nm FinFET process node. We completed the R&D of the first-generation data-center video transcoding platform. We established our sales office in Austin, the United States, and Lingang R&D center, forming a dual-R&D-center layout with Zhangjiang in Shanghai. We became the exclusive sales partner of Alphawave in Chinese mainland, Hong Kong and Macau. We added Display Processing IP into our portfolio.
2022	We launched our AI-ISP, an innovative AI image enhancement technology. We launched the functional-safety (FuSa) SoC design platform. Our chip design process obtained ISO 26262 certification, and our ISP IP obtained IEC 61508 industrial functional-safety (FuSa) certification. We joined the UCIE industry alliance.
2023	We released the 2022 annual report, achieving full-year profitability and successfully removing the “U” suffix from our stock abbreviation. We collaborated with Microsoft to deploy Windows 10 OS on edge devices, and partnered with Google on the open-source project Open Se Cura. We launched super-resolution technology for smart display devices. Our low Bluetooth complete solution obtained Bluetooth 5.3 certification.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2024	We established our R&D center in Ho Chi Minh City, Vietnam. We launched the new-generation VPU IP for data centers and the high performance Vitality-architecture GPU IP. AI chips incorporating our NPU IP surpassed 100 million units shipped globally. We completed the R&D of the second-generation video transcoding platform. Our Display Processing IP and distortion-correction processor IP obtained ISO 26262 certification. We spearheaded the establishment of the Shanghai Open Processor Industry Innovation Center (上海開放處理器產業創新中心).
2025	We completed a private placement of A-shares, raising net proceeds of approximately RMB1.78 billion. We entered into the agreement to acquire Pixelworks Semiconductor through a special purpose entity led by our Company. We established our R&D center in Guangzhou. We jointly launched the open-source Coral NPU IP with Google. We delivered a customized 5nm automotive-grade autonomous-driving chip to a leading new-energy vehicle manufacturer. Customer chips incorporating our GPU IP surpassed 2 billion units shipped globally. AI chips incorporating our NPU IP approached 200 million units shipped globally. Our NPU IP obtained ISO 26262 certification.

OUR MAJOR SUBSIDIARIES

The following table sets forth the detailed information of the major subsidiaries of our Company that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period.

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
VeriSilicon Microelectronics (Beijing) Co., Ltd. (芯原微電子(北京)有限公司) (“VeriSilicon Beijing”)	PRC	June 13, 2007	100%	Research and development
VeriSilicon Microelectronics (Chengdu) Co., Ltd. (芯原微電子(成都)有限公司) (“VeriSilicon Chengdu”)	PRC	April 28, 2013	100%	Research and development

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
Vivante (Shanghai) Co., Ltd. (圖芯芯片技術(上海)有限公司) (“Vivante Shanghai”) ⁽¹⁾	PRC	June 7, 2007	100%	Research and development
VeriSilicon Microelectronics (Nanjing) Co., Ltd. (芯原微電子(南京)有限公司) (“VeriSilicon Nanjing”)	PRC	May 8, 2020	100%	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Hainan) Co., Ltd. (芯原微電子(海南)有限公司) (“VeriSilicon Hainan”)	PRC	December 17, 2020	100%	Research and development
VeriSilicon Technology (Shanghai) Co., Ltd. (芯原科技(上海)有限公司) (“VeriSilicon Technology”)	PRC	October 29, 2021	100%	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Guangzhou) Co., Ltd. (芯原微電子(廣州)有限公司) (“VeriSilicon Guangzhou”)	PRC	September 4, 2025	100%	IP licensing, custom silicon and research and development
VeriSilicon Holdings Co., Ltd (“VeriSilicon (Cayman)”)	Cayman	June 10, 2002	100%	Investment holding
VeriSilicon, Inc.	U.S.	February 14, 2003	100%	IP licensing, custom silicon and research and development
VeriSilicon (Hong Kong) Limited (“VeriSilicon (HK)”)	Hong Kong	November 9, 2011	100%	Custom silicon
Vivante Corporation ⁽¹⁾	U.S.	April 2, 2002	100%	IP licensing and research and development

Note:

- (1) Vivante Corporation and Vivante Shanghai were acquired by the Group and became our wholly-owned subsidiaries since January 2016.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Incorporation of Our Company

On August 21, 2001, the predecessor of our Company was established under the laws of the PRC as a limited liability company with an initial registered capital of USD500,000 contributed by Celestry Design Technologies, Inc. under the name of Celestry Microelectronics (Shanghai) Co., Ltd. (思略微電子(上海)有限公司), and was later renamed as VeriSilicon Microelectronics (Shanghai) Limited (芯原微電子(上海)有限公司) in July 2002. As of the Latest Practicable Date, Celestry Design Technologies, Inc. was an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2. Conversion into a Joint Stock Company

Upon completion of several rounds of capital increase and equity transfer, the registered capital of our Company reached USD45,013,418 as of March 2019. On March 26, 2019, our Company was converted into a joint stock company with limited liability and renamed as VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司).

Upon completion of the conversion, the registered capital of our Company was RMB369,000,000 divided into 369,000,000 Shares with a nominal value of RMB1.00 each, and the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares held	Approximate percentage of shareholding
VeriSilicon Limited ⁽¹⁾	77,876,777	21.10%
Wealth Strategy ⁽²⁾	41,835,619	11.34%
National IC ⁽²⁾	34,724,272	9.41%
Jiaxing Shixing ⁽²⁾	26,279,585	7.12%
Jiaxing Haicheng ⁽²⁾	22,046,654	5.97%
Dr. Wayne Wei-Ming Dai ⁽³⁾	6,996,565	1.90%
Onshore ESOP Platforms ⁽⁴⁾	1,837,778	0.50%
Gongqingcheng Wenxing ⁽²⁾	128,767	0.03%
Other 25 Shareholders ⁽⁵⁾	157,273,983	42.62%
Total	369,000,000	100%

Notes:

- (1) VeriSilicon Limited was our offshore ESOP platform.
- (2) As of the Latest Practicable Date, each of such Shareholders was an Independent Third Party.
- (3) The number of Shares held by Dr. Wayne Wei-Ming Dai as shown in the table does not include the indirect interest held by him through VeriSilicon Limited, our offshore ESOP platform.
- (4) Such ESOP platforms include a total of nine limited partnerships established in the PRC.
- (5) Each of such 25 Shareholders held less than 5% of the then total share capital of our Company and was an Independent Third Party as of the Latest Practicable Date.

3. Listing on the Shanghai Stock Exchange STAR Market

As approved by the CSRC, our Company completed the initial public offering and listing of our A Shares on the Shanghai Stock Exchange STAR Market (stock code: 688521) on August 18, 2020 (the “A Share Listing”), pursuant to which a total of 48,319,289 new A Shares were issued. Immediately following the A Share Listing, our registered capital was increased to RMB483,192,883.

4. Private Placement of A Shares

In June 2025, we completed the private placement of 24,860,441 A Shares to a total of 11 institutional investors, each of whom was an Independent Third Party, at a price of RMB72.68 per A Share, which was determined with reference to the average closing price of our A Shares for 20 trading days prior to the pricing date. We raised net proceeds of approximately RMB1.78 billion from the private placement, which were used for R&D project on Chiplet solution platform for AIGC and intelligent driving, and new-generation IP R&D and industrialization project for AIGC and graphics processing. As a result of the private placement, our total share capital increased to RMB525,713,273.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHARE INCENTIVE SCHEMES

Prior to our A Share Listing, in June 2019, the Group approved the 2019 stock option incentive plan (the “**2019 Option Plan**”), under which a total of 21,363,300 stock options were granted. The 2019 Option Plan has expired in July 2022.

In order to further improve our Group’s long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group’s employees, we have adopted a total of three Restricted A Share Incentive Schemes since our A Share Listing. For details, see “Appendix IV — Statutory and General Information — Restricted A Share Incentive Schemes” of this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Pixelworks Semiconductor

In October 2025, Tiansui Xinyuan Technology (Shanghai) Co., Ltd. (天遂芯願科技(上海)有限公司, “**Tiansui Xinyuan**”) was established by the Company with an initial registered capital of RMB10 million as an SPV to acquire the entire equity interest in Pixelworks Semiconductor Technology (Shanghai) Co., Ltd. (逐點半導體(上海)股份有限公司, “**Pixelworks Semiconductor**”) (the “**Acquisition of Pixelworks Semiconductor**”). Pixelworks Semiconductor specializes in the development and design of mobile visual processing chips, video transcoding chips, 3LCD projector chips, and implementation solutions.

On October 15, 2025, Tiansui Xinyuan entered into an equity purchase agreement with Pixelworks Semiconductor and its then shareholders, pursuant to which Tiansui Xinyuan agreed to acquire and all the shareholders of Pixelworks Semiconductor (other than the Company) agreed to sell 97.89% equity interest of Pixelworks Semiconductor at a consideration of RMB930 million in cash plus transaction fees and other related expenses. To the best knowledge of our Directors having made all reasonable enquiries, each of the then shareholders of Pixelworks Semiconductor (other than the Company) was an Independent Third Party. Immediately prior to the closing of such equity purchase agreement, the Company directly owned 2.11% equity interest of Pixelworks Semiconductor.

On December 12, 2025, Tiansui Xinyuan, the Company, Huaxin Dingxin (Beijing) Equity Investment Fund (Limited Partnership) (華芯鼎新(北京)股權投資基金(有限合夥)), “**Huaxin Dingxin**”), SSCI Leading Integrated Circuit Private Equity Investment Fund Partnership (Limited Partnership) (上海國投先導集成電路私募投資基金合夥企業(有限合夥)), “**SSCI Leading**”), Beijing E-Town Yuanchuang Equity Investment Fund Partnership (Limited Partnership) (北京屹唐元創股權投資基金合夥企業(有限合夥)), “**Yitang Yuanchuang**”), Beijing Xinchuang Zhizao Phase II Venture Capital Fund (Limited Partnership) (北京芯創智造二期創業投資基金(有限合夥)), “**Xinchuang Zhizao**”) and Shanghai Hanze Venture Capital Partnership (Limited Partnership) (上海涵澤創業投資合夥企業(有限合夥)), “**Hanze VC**,” collectively with Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang and Xinchuang Zhizao, the “**Other Buyers**”) entered into a capital increase agreement, pursuant to which, (i) the Company agreed to subscribe for (a) the increased registered capital of RMB20 million in Tiansui Xinyuan at a consideration of the 2.11% equity interest it held in Pixelworks Semiconductor, and (b) the increased registered capital of RMB350 million in Tiansui Xinyuan at a cash consideration of RMB350 million, respectively, and (ii) Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC agreed to subscribe for the increased registered capital of RMB300 million, RMB150 million, RMB50 million, RMB50 million and RMB20 million in Tiansui Xinyuan at a cash consideration of RMB300 million, RMB150 million, RMB50 million, RMB50 million and RMB20 million, respectively. To the best knowledge of our Directors having made all reasonable enquiries, each of the Other Buyers was an Independent Third Party. Immediately following the capital increase, Tiansui Xinyuan was held as to 40%, 31.58%, 15.79%, 5.26%, 5.26% and 2.11% by the Company, Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC and the registered capital of Tiansui Xinyuan was increased to RMB950 million.

The above acquisition has been properly and legally completed in January 2026, and all necessary regulatory approvals have been obtained. Following the completion of the

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Acquisition of Pixelworks Semiconductor, Pixelworks Semiconductor was wholly owned by Tiansui Xinyuan, which was in turn owned as to 40% by our Company. As the Company controls the composition of the board of directors of Tiansui Xinyuan pursuant to the aforementioned agreements, Pixelworks Semiconductor became a subsidiary of our Company and its results were to be consolidated into the financial statements of the Group upon completion of the Acquisition of Pixelworks Semiconductor.

Attempted Acquisition of Xinlai Zhirong

On August 28, 2025, the Company entered into an equity acquisition intent agreement with Hu Zhenbo (胡振波), Xinlai Gongchuang (Shanghai) Management Consulting Center (Limited Partnership) (芯來共創(上海)管理諮詢中心(有限合夥)), and Xinlai Hechuang (Shanghai) Management Consulting Center (Limited Partnership) (芯來合創(上海)管理諮詢中心(有限合夥)), pursuant to which, the Company attempted to purchase shares in Xinlai Zhirong Semiconductor Technology (Shanghai) Co., Ltd. (芯來智融半導體科技(上海)股份有限公司, “Xinlai Zhirong”) and raise supporting capital by issuing Shares and paying cash (the “Attempted Acquisition of Xinlai Zhirong”). On September 11, 2025, the Attempted Acquisition of Xinlai Zhirong was approved by the Board. However, due to the core demands and key matters put forward by the management of Xinlai Zhirong and the counterparties deviated from market environment, regulatory requirements, and the interests of the Company and all its Shareholders, after receiving notice from the management of Xinlai Zhirong and the counterparties to terminate such transaction, the Board approved the termination of the Attempted Acquisition of Xinlai Zhirong on December 11, 2025.

Save as disclosed above, we did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since August 2020, the A Shares of our Company have been listed on the Shanghai Stock Exchange STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shanghai Stock Exchange STAR Market and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC or its dispatched institutions or the Shanghai Stock Exchange, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market.

Our Company seek its H Shares to be [REDACTED] on the Hong Kong Stock Exchange in order to further promote the Company’s internationalization strategy, enhance the Company’s international brand image, strengthen the Company’s core competitiveness, and enhance the Company’s operational and management standards. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

ATTEMPTED GLOBAL DEPOSITARY RECEIPT APPLICATION

As approved by the Board on March 3, 2023, and by the shareholders of the Company on March 20, 2023, we proposed to offer Global Depositary Receipts (“GDR”) of the Company globally and list the GDRs on the SIX Swiss Exchange (the “Proposed GDR Application”). The listing application was later submitted to the SIX Swiss Exchange in March 2023, and a conditional approval was obtained from the SIX Swiss Exchange in May 2023. However, taking into account the general macroeconomic conditions, we terminated the

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

offering of GDR in December 2023. During our preparation for the Proposed GDR Application, we did not encounter any material difficulties or legal impediments which led us to terminate the preparation for the Proposed GDR Application.

To the best of our Directors’ knowledge, information and belief, our Directors are not aware of any material matter relating to the Proposed GDR Application, which may materially and adversely affect the suitability of our Company to [REDACTED] its H Shares on the Stock Exchange and should be brought to the attention of the Stock Exchange, its Shareholders or prospective investors.

Based on the independent due diligence work performed by the Joint Sponsors and the information and documents made available to the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that could reasonably cast doubt on the Directors’ views set out above.

PUBLIC FLOAT AND FREE FLOAT

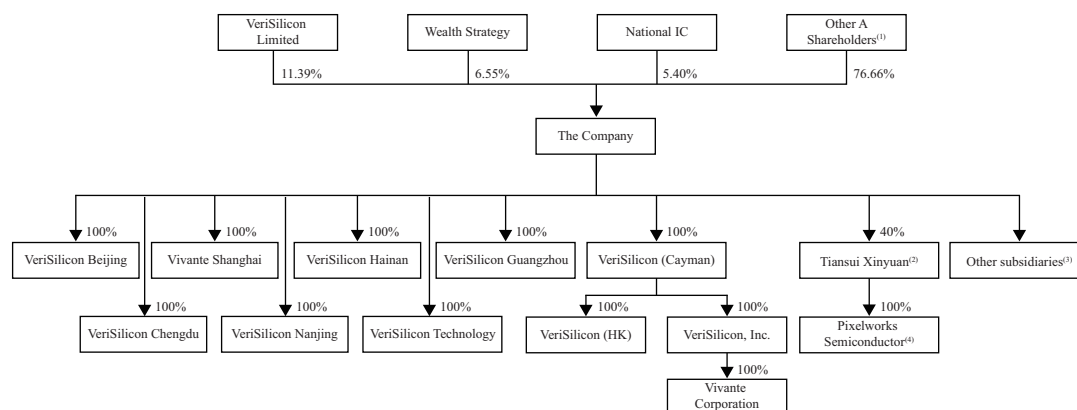
Rule 19A.13A of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected [REDACTED] of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange STAR Market. It is expected that upon [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), based on an [REDACTED] of HK\$[REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the [REDACTED] of the H Shares that are held by the public is approximately HK\$[REDACTED], which is higher than the prescribed [REDACTED] of the H Shares required to be held by the public of HK\$3 billion under Rule 19A.13A(2) of the Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Based on an [REDACTED] of HK\$[REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

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



Notes:

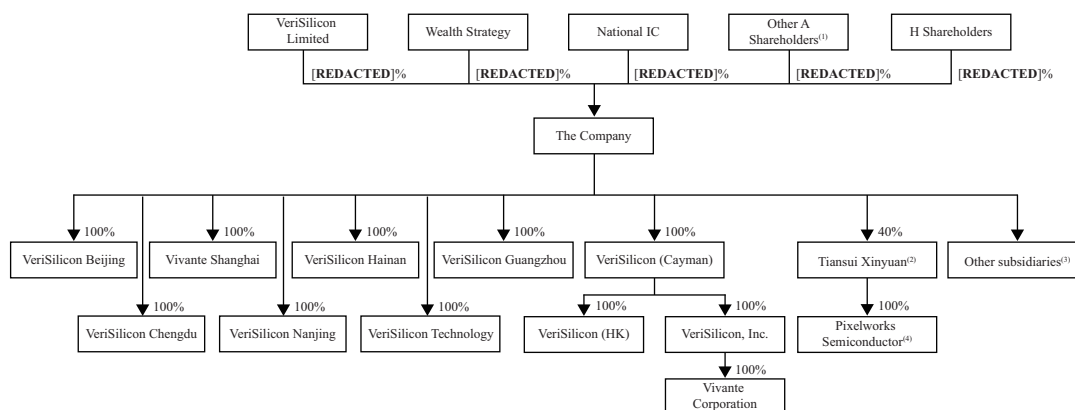
- (1) As of the Latest Practicable Date, 287,000 A Shares were held by the Company as treasury shares, which did not carry any Shareholders’ rights, including but not limited to voting rights at the Shareholders’ meeting and dividend rights.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) As of the Latest Practicable Date, Tiansui Xinyuan was held as to 40% by the Company and 31.58%, 15.79%, 5.26%, 5.26% and 2.11% by Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC, each an Independent Third Party.
- (3) As of the Latest Practicable Date, other subsidiaries are other four overseas subsidiaries that are indirectly wholly-owned by our Company, including VeriSilicon Microelectronics (Hong Kong) Limited, VeriSilicon Vietnam Company Limited, VeriSilicon Kabushiki Kaisha and VeriSilicon EURL.
- (4) Pixelworks Semiconductor directly holds 100% equity interest in Pixelworks Semiconductor Technology (Zhuhai) Co., Ltd. (逐點半導體 (珠海) 有限公司).
- (5) Certain percentage figures included in the above chart have been subject to rounding adjustments.

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes:



Note: Please refer to the notes (1) to (5) to the paragraph headed “Our Corporate Structure Immediately Prior to the Completion of the [REDACTED]” above for more information.

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OVERVIEW

Who We Are

We are a leading public company that provides custom silicon solutions, leveraging our comprehensive and proprietary portfolio of semiconductor IPs. Founded in 2001 and headquartered in Shanghai, we operate on a unique “Silicon Platform as a Service” (“**SiPaaS**”) business model, offering custom silicon solution and semiconductor IP licensing services. We are well-positioned as a critical ecosystem player at the intersection of semiconductor IP, design service, and industry collaboration, enabling customers across the globe to innovate efficiently in the AI era.

According to CIC, we are a top-tier proprietary IP player, holding the largest number of IP categories across both digital IPs and analog & mixed-signal and radio frequency (“**RF**”) IPs as of December 31, 2025 and are the second-largest semiconductor IP provider globally that primarily focused on digital IP in terms of IP revenue in 2025. We are also the largest IP provider in Chinese mainland and the eighth-largest globally in terms of IP revenue in 2025, and the sixth-largest global IP provider in terms of IP licensing revenue in 2025.

We are also a pioneering custom silicon solution provider, with a proven track record in delivering complex system-on-chip (“**SoC**”) and system-in-package (“**SiP**”) as well as low-energy and cost effective silicon design solutions. We are the world’s fourth-largest full-stack custom silicon solution provider in terms of revenue in 2025, and the largest player in Chinese mainland, according to CIC. As of December 31, 2025, we have successfully executed numerous projects across a broad spectrum of process nodes, including the 4nm FinFET and 22nm FD-SOI process nodes, which illustrates the breadth and depth of our IP and design capabilities.

Our Business Model

Our business model reflects the ongoing paradigm shift in the traditional semiconductor value chain. As a foundational enabler, our SiPaaS model spearheads the industry-wide shift towards “design-lite.” By deeply integrating an extensive portfolio of proprietary semiconductor IPs with comprehensive custom silicon capabilities, our customers can offload their complex IC design execution and mass production processes to us. This significantly empowers both chip companies (including fabless companies and integrated device manufacturers (“**IDMs**”)) and system vendors (Internet companies, cloud service providers (“**CSPs**”), automotive companies and original equipment manufacturers (“**OEMs**”)), enabling them to focus on product definition and core architecture innovation while substantially lowering their operational expenditures. This model also helps insulate us from the inherent cyclicity experienced by traditional chip product companies.

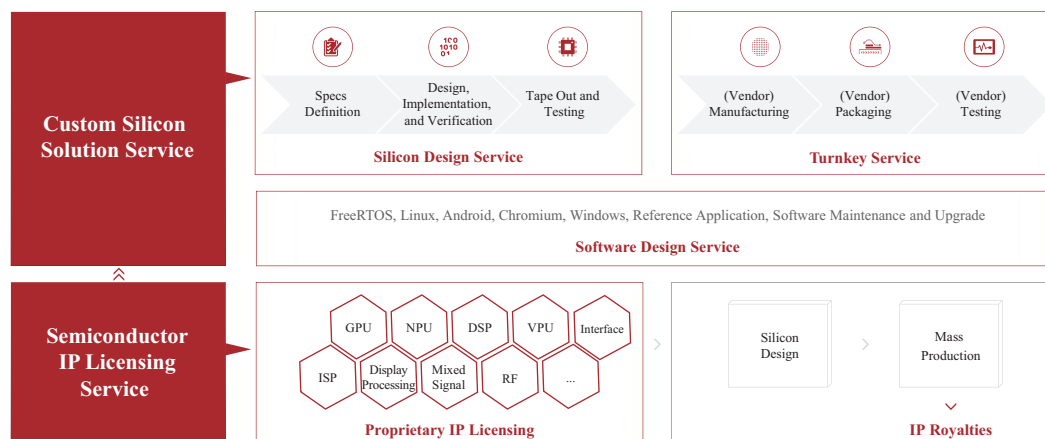
SiPaaS — Silicon Platform as a Service

Our core business model is Silicon Platform as a Service (SiPaaS). Characterized by its platform-based, comprehensive, and one-stop service nature (from specification to mass production), SiPaaS provides us with a high competitive barrier.

Unlike the models of traditional fabless companies, the SiPaaS model is anchored by our extensive proprietary portfolio of semiconductor IPs, including processor IPs and analog & mixed-signal IPs (including RF IPs and interface IPs). By performing system-level optimization on these IPs, we have created a flexible and reusable design platforms. This not only significantly reduces customers’ design time, costs, and risks, but also enables us to provide a complete service ranging from chip definition, front-end and back-end design, and software design, to mass production management and delivery.

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In addition, unlike chip companies, our SiPaaS model does not involve manufacturing or selling proprietary branded chips. We focus on providing custom silicon solution service and semiconductor IP licensing service based on our deep technological expertise.



Our revenue is derived from two highly synergistic businesses:

Custom Silicon Solution Service

Our custom silicon solution service consists of the following two components:

- **design service:** We provide silicon design service from specification definition to tape-out, generating non-recurring engineering (NRE) revenue. This service includes architecture definition, software design, IP selection and integration, RTL design, verification, physical implementation, and prototyping. Our platform-based model enables us to leverage our design expertise and scale that across a diverse client base, significantly enhancing design efficiency;
- **turnkey service:** We manage the entire production process from wafer fabrication to packaging, testing, and logistics, generating scalable mass-production revenue based on shipment volume. Our turnkey service is also scalable, allowing us to manage the significant growth in mass production volumes with a logistic operation team with relatively fixed size. This enables our profitability to scale across the business as our customers' production volumes increase.

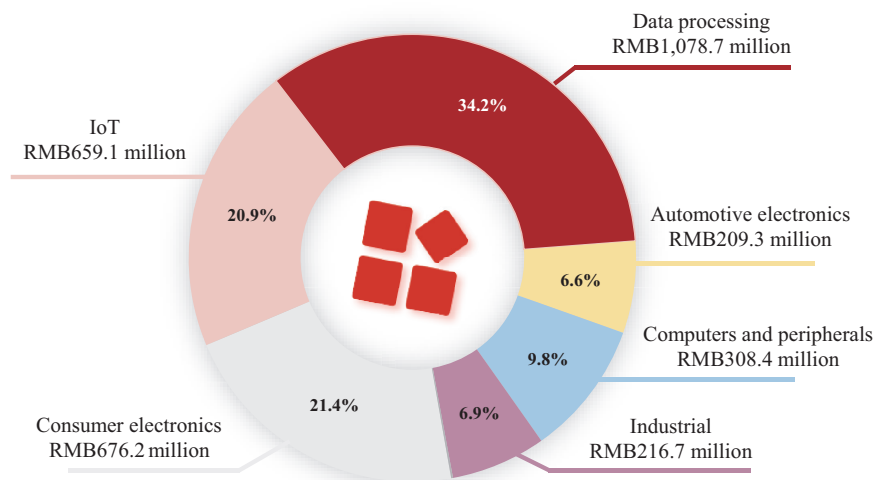
Semiconductor IP Licensing Service

Our semiconductor IP licensing service is divided into two phases:

- **IP licensing:** We grant customers the right to use our IPs in their chip designs and collect licensing revenue. The substantial costs required to create our IP portfolio are incurred upfront and recognized as research and development expenses. Once validated, these IPs can be licensed repeatedly with minimum incremental costs. In alignment with increasing market demand, we anticipate our high-margin IP licensing revenue will improve our financial performance;
- **IP royalties:** We collect IP royalties based on the volume of chips shipped that integrate our IPs, forming a scalable revenue stream that grows alongside our customers' success; and as more designs incorporating our IP enter mass production, these royalties will increasingly contribute to our profitability.

Our revenue is diversified both by end-market application and by customer type. We offer our services across a wide range of applications, including data processing, consumer electronics, IoT, computers and peripherals, industrial, and automotive electronics. Our customer base includes chip companies (fabless companies and IDMs) and system vendors (Internet companies, CSPs, automotive companies and other OEMs).

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Note: breakdown of revenue in 2025 by end application

From SiPaaS to AiPaaS (AI Platform as a Service)

Our business model, SiPaaS, is inherently flexible and not bound by any specific application domain. As AI becomes pervasive, this model naturally extends into AI-specific platforms — what we refer to as our AI Platform as a Service (“AiPaaS”), with SiPaaS remaining the core of our platform.

As shift to the AI era accelerates, we provide customers with:

- **a rich AI processor IP portfolio:** This portfolio is centered around a scalable neural network processor technology architected to deliver highly efficient computing across a full spectrum of AI workloads. Its capabilities include optimization not only for generative AI applications like large language models (“LLMs”) and AIGC, but also for established convolution-based models and the complex mixed workloads found in real-world applications. This foundation enables a series of deeply integrated AI-enabled IPs, such as AI-ISP, AI-Display and AI-DSP. We have also launched an innovative GPGPU architecture focused on energy efficient compute and have licensed it to multiple players across the ecosystem.

Our services in this area are based on:

- **deeply integrated software and hardware co-design, as well as chip and packaging co-design capabilities:** Our hardware and software co-design approach enables the parallel development of chips and software stacks, accelerating design cycles. We also conduct silicon and packaging co-design to ensure optimal performance and reduce late-stage modifications. Our proprietary, innovative on-chip hardware acceleration service significantly optimizes the performance, power, and area characteristics of custom silicon across diverse and complex AI workloads. Concurrently, we apply our Chiplet and next-generation packaging engineering capabilities to address the increasingly complex requirements of heterogeneous computing, which is becoming more important in the AI era.
- **complete AI ASIC custom services:** Encompassing all stages from chip specification definition, front-end and back-end design, to mass production management and delivery, we provide a highly reliable complete process that shortens customers’ R&D cycles.

Leveraging these core capabilities, we have established our custom silicon solutions that span:

- **cloud computing platforms:** engineered for power efficient, data-intensive processing in data centers and servers.

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- **edge AI computing platforms:** delivering “always-on,” ultra-low energy, ultralight spatial computing devices such as smartwatches and AI/AR glasses, AI toys, AI rings as well as high-efficiency edge computing devices such as AI PCs, AI smartphones, intelligent vehicles, and robotics.

AI ASIC presents a historic opportunity

The launch of ChatGPT in 2022 catalyzed a new era of computing demand, requiring massive AI infrastructure centered on high-performance chips. To achieve superior energy efficiency and lower latency than general-purpose processors, system vendors worldwide are increasingly pivoting to proprietary, AI-specific custom silicon solutions, or “AI ASICs.”

We have successfully established ourselves as a trusted partner for leading CSPs globally, while simultaneously positioning for the emerging edge AI market, including the existing market for AI smartphones, AI PCs and AI Pads, as well as emerging markets for AI/AR glasses, AI toys, AI rings, and intelligent vehicles, among others. Our AI-related IP portfolio has scored substantial design wins, and our financial performance reflects this strategic positioning.

Cloud AI ASIC

Unlike traditional workloads, AI computation is dominated by highly structured tensor and matrix operations. Furthermore, AI performance is increasingly constrained by data movement rather than raw compute, requiring customized memory hierarchies, high-bandwidth interconnects, and tightly integrated accelerators to optimize system efficiency. As a result, CSPs are increasingly adopting heterogeneous computing architectures to manage the AI workload. This transition has catalyzed the development of proprietary AI ASICs, which offer a more cost-effective and energy-efficient alternative to general-purpose processors. CSPs are pivoting toward custom silicon optimized for specific workloads — such as training, inference, and video transcoding — to maximize performance-per-watt and achieve sustainable infrastructure expenditure. As we are targeting premium revenue streams, our shift toward direct engagement with CSPs, Internet companies and system vendors secures higher-value projects.

To address the substantial, heterogeneous workloads of modern data centers, we have established a highly competitive technology portfolio in high-performance and power-efficient GPU and GPGPU. Leveraging our proprietary unified computing architecture, we seamlessly integrate Graphics Units, Parallel Processing Units (Shaders), and AI acceleration Cores alongside a unified memory system. This architecture empowers CSPs to flexibly and efficiently deploy various tasks from complex graphics rendering to dense generative AI calculations.

As a result, we are seeing significant revenue and robust new bookings growth, with year-over-year growth of 35.9% and 103.4% in 2025, respectively. Specifically, orders from the data processing end market accounted for over 50.0% of our new bookings in 2025 and nearly 60% of our backlog as of December 31, 2025, and both achievements were primarily driven by the strong demand for cloud-based AI ASICs and IPs. As of the Latest Practicable Date, we have provided custom silicon solution service and semiconductor IP licensing service to seven of the global top ten CSPs in 2025, according to CIC.

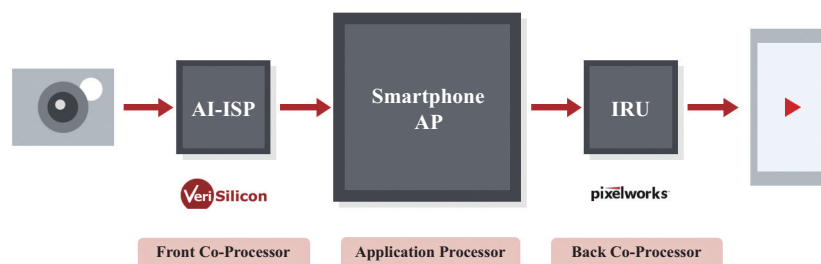
Edge AI ASIC

Beyond cloud infrastructure, we are well positioned to capture the significant edge AI opportunity across multiple application domains, supported by tangible market progress and our proven technical prowess.

AI smartphones: Smartphone is the largest segment in the existing edge AI market, and we have deployed a series of key solutions for its AI-driven upgrade, according to CIC. For example, our technology collaboration and integration with Pixelworks Semiconductor provides smartphones with a full-path visual enhancement solution. Our AI-ISP achieves

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front-end image processing optimization, significantly enhancing the clarity, dynamic range, and environmental adaptability of images and videos. Meanwhile, Pixelworks Semiconductor’s independent Image Rendering Unit (“IRU”) specializes in back-end rendering to boost visual effects and deliver smart, smooth, and natural high-frame-rate motion graphics. This collaborative front-and-back-end architecture effectively breaks through the power consumption and thermal dissipation bottlenecks that mobile devices face in gaming and high-performance computing scenarios, offering users a markedly upgraded visual experience.



Note: illustration of synergies between AI-ISP and IRU in smartphone application

In parallel, we provide up to 40 TOPS of dedicated AI computing power per smartphone chip, and our NPU IP and AI-ISP have both achieved mass-production deployment in flagship models of leading global smartphone brands.

AI glasses: AI glasses is an emerging market where we see a significant increase in chip designs and development, according to CIC. As early as five years ago, we commenced the design of a customized, dedicated AR glasses chip for a leading global Internet company, which significantly reduced system power consumption compared to industry peers, according to CIC. By implementing precise control over independent power domains and a multi-level standby wake-up system, the chip we designed achieved optimized power efficiency and thermal management. Building upon this commercially proven technological foundation and our proprietary, optimized, low-power Nano IP portfolio, we are dedicated to providing advanced hardware solutions for the next-generation AI glasses.

AI toys: AI toys represent a high-potential market within the edge AI sector, according to CIC. We have developed two innovative on-device AI solutions tailored for children’s toys based on Google’s open-source Gemma3-270M lightweight language model: a visual-language model for image-based cognitive learning (for example, recognizing animals and everyday objects) and a story generation model that creates dynamic narratives. Optimized for our edge AI platforms, these models deliver real-time interaction with latency under 100 milliseconds — even in outdoor, offline environments. We finetuned the original (Gemma3-270M) model and added extra parameters in pursuing for higher-quality responses and accuracy. With the total solution size under 500 million parameters, all data processing happens locally on the toy, ensuring privacy and security. Designed for children aged from three to five years old, our solutions turn playtime into an immersive, educational experience.

Intelligent vehicles: Intelligent vehicles represents the largest portion in the edge AI market in terms of output value, according to CIC. We are well positioned to capitalize on the localization trend in autonomous-driving and smart-cockpit architectures. Our competitive advantage rests on a dual-layered foundation: not only is our entire silicon-design flow ISO 26262 certified, but we also have a comprehensive portfolio of automotive-grade, functional-safety (FuSa) certified IPs, encompassing ISP, NPU, Display Processing, and Interface IP. With over a decade of experience in the automotive and market, we continue to expand in cutting-edge MCUs, smart cockpits, and Chiplet-based heterogeneous integration, aiming to provide global automotive customers with a solution spanning from IP licensing to full-chip customization.

These core autonomous driving technologies can also be leveraged into the high-growth robotics market, further illustrating the scalability of our expertise in custom silicon solutions and IP portfolio. Our ability to create functional-safety, high-performance computing platforms positions us to be a key enabler for this next wave of embodied intelligence.

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Global Strategy and Ecosystem

We have established a global R&D and sales network, operating nine R&D centers (located in Shanghai, Chengdu, Beijing, Nanjing, Haikou, and Guangzhou, China; Silicon Valley and Dallas in the United States; and Ho Chi Minh City, Vietnam) and 11 sales and customer support offices worldwide as of December 31, 2025. This strategic footprint enables us to attract top talent, enhance R&D efficiency, and deliver high-quality, localized services to our customers.



Note: illustration of our global footprint

Our revenue structure also reflects our global presence: our overseas revenue accounted for 22.8% of total revenue in 2023, 36.5% in 2024, and 32.6% in 2025. We also maintain long-term collaboration with leading international customers, including Samsung, Google, Amazon, Microsoft, Baidu, Tencent, and Alibaba. Our strategic collaboration with Google is a milestone in our edge AI strategy. Based on the Open Se Cura open-source project, we jointly developed the ultra-low-energy Coral NPU IP tailored for edge LLMs. By combining Google’s open-source technology with our enterprise-grade IP and custom silicon solution service, the Coral NPU provides an “always-on,” ultra-low-energy and ultra-lightweight computing foundation for AI glasses, wearable devices and AI toys and similar applications. In parallel, we have established deep, long-term collaborative relationships with leading global foundries and OSAT partners, including foundries such as TSMC, Samsung, SMIC and GlobalFoundries; and OSAT partners such as ASE Technology, Amkor Technology, JCET, and TFME.

We have strengthened our technology portfolio through strategic cross-border acquisitions, such as the DSP division from LSI Logic (2006, forming the foundation of our DSP IP) and Vivante Corporation (2016, adding market-leading high-performance and power-efficient GPU IP to our IP portfolio). We are committed to international standards and open collaboration. We actively participate in and co-build global and domestic industry organizations, including the China RISC-V Industry Consortium (CRVIC), Shanghai Open Processor Industry Innovation Center (SOPIC), RISC-V International, OpenHW Group, Chips Alliance, and the UCIE Alliance.

Financial Performance

Benefiting from our unique business model, we achieved strong financial performance during the Track Record Period. Our revenue amounted to RMB2.3 billion, RMB2.3 billion and RMB3.1 billion in 2023, 2024, and 2025, respectively, with 2025 reflecting a significant year-over-year growth of 35.9%. In second half of 2025, our revenue amounted to RMB2.2

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billion, representing an increase of 56.8% compared to the second half of 2024 and 124.3% compared to the first half of 2025.

Our new bookings in the second, third, and fourth quarters of 2025 reached RMB1.2 billion, RMB1.6 billion, and RMB2.7 billion, respectively, breaking our historical record for single-quarter new bookings three times. Notably, our new bookings in the fourth quarter of 2025 grew by 70.2% compared to those in the third quarter. In 2025, the total value of new bookings was RMB6.0 billion, a year-over-year increase of 103.4%. Among these new bookings, AI computing-related orders accounted for over 73%, and data-processing end market orders accounted for over 50%, primarily driven by cloud-based AI ASICs and IPs.

As of December 31, 2025, our backlog reached RMB5.1 billion, representing a substantial increase of 54.5% from RMB3.3 billion as of September 30, 2025, and up 111.0% from RMB2.4 billion as of December 31, 2024. This metric has remained at a comparatively high level for nine consecutive quarters. Among our backlog as of December 31, 2025, turnkey service exceeded RMB3.0 billion. Based on the contractual terms of the orders comprising our backlog, we expect over 80% of our backlog as of December 31, 2025 to be converted to revenue within one year, and nearly 60% of the backlog as of December 31, 2025 is from the data processing end market, primarily driven by cloud-based AI ASICs and IPs.

The IC design industry is characterized by long investment cycles and heavy R&D expenditure, according to CIC. We consistently maintain high R&D investments to build a high competitive barrier ensuring our leading chip design and technology R&D capabilities in the semiconductor IP and custom silicon fields. The net losses recorded during the Track Record Period were the result of deliberate, strategic investments in R&D, where we strategically emphasized campus recruitment to maintain and expand our R&D talent pool and avoided layoffs to preserve our competitive edge during semiconductor downturn from 2022 to 2023, as we anticipated that the emergence of Generative AI would unlock massive potential for custom integrated circuits. In 2023, 2024, and 2025, our R&D expenses accounted for 40.7%, 53.8%, and 41.7% of our revenue, respectively. These foundational investments were essential to strengthen our comprehensive semiconductor IP portfolio and establish from specification to production custom silicon capabilities, creating high barriers to entry and positioning us for long-term growth in the AI era. As our robust orders translate into execution, our previously invested R&D expenditures are progressively deployed into customer projects; and generating output, driving a reasonable downward trend in our R&D expense ratio. From 2024 to 2025, our R&D expenses as a percentage of revenue decreased by 12.1%, demonstrating the continuous optimization of our operational efficiency and the emergence of economies of scale.

OUR COMPETITIVE STRENGTHS

A unique SiPaaS business model amplifying synergies and delivers structural advantages

The rapid adoption of AI across cloud and edge accelerates the industry’s shift toward “design-lite” operating models, increasing the strategic importance of semiconductor IP and design services. According to CIC, we are a leading public company that provides custom silicon solutions, leveraging our comprehensive, proprietary portfolio of semiconductor IPs, making our integrated business model a core competitive strength.

Our custom silicon solution and IP licensing services are highly synergistic, creating a virtuous cycle. For customers, using our proprietary IPs in custom silicon projects provides significant cost and design efficiencies. At the same time, our profound understanding of these proprietary IPs empowers us to deliver highly optimized custom silicon solutions. This real-world execution, in turn, yields direct market insights to continuously refine our IP portfolio. Among our custom silicon solution service customers, approximately 50% also utilized our own proprietary IP in their projects, demonstrating the strong synergy in which our custom silicon solution service drives adoption of our IP portfolio.

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Our business model amplifies these synergies through inherent structural advantages:

Reusability and scalability: Our verified IPs can be licensed repeatedly with minimal incremental cost, while our IP royalties revenues scale up as our customers’ chips move into mass production. Our custom silicon solutions are inherently reusable — by building on our platform and tailoring the design to specific customer’s needs, we can significantly improve the efficiency of chip customization, thereby enhancing operating leverage in both the design and mass production phases. Design projects that enter mass production will generate scalable revenue for us. As of December 31, 2025, we had served approximately 350 customers for our custom silicon solution service. In 2025, 114 projects had entered the mass production stage, and additional 48 projects were pending mass production.

Expansion of customers and end market applications: We offer a one-stop suite of highly flexible service options and combinations, spanning from IP licensing, chip definition, front-end and back-end design, to mass production management. Through our configurable-on-demand IPs and services, we have cultivated a broad customer base — including chip companies (fabless companies and IDMs) and system vendors (Internet companies, CSPs, automotive companies and other OEMs) — across diverse application scenarios. This diversified reach helps mitigate the adverse effects of market volatility.

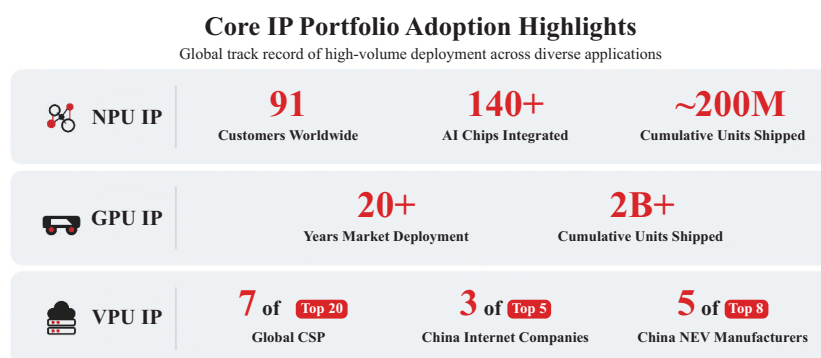
Counter-cyclical resilience: The broader semiconductor industry has historically undergone cyclical fluctuations. During industry downturns, IC design companies typically adopt a prudent strategy — focusing on research and development to develop new products in anticipation of market recovery. Furthermore, as part of their cost efficiency measures, they often increase their partnerships with third party providers such as ourselves. Industry downcycles can also provide windows for strategically acquiring semiconductor IPs. Consequently, our unique SiPaaS model demonstrates robust resilience, unlocking substantial growth potential and strategic opportunities even amid broader semiconductor industry downturns.

Our advanced and comprehensive semiconductor IP portfolio

We have built the most comprehensive proprietary IP portfolio in the global semiconductor IP industry according to CIC, spanning six major families of processor IPs (GPU, NPU, VPU, DSP, ISP and Display Processing) and more than 1,700 analog & mixed-signal IPs (including RF IPs and interface IPs). According to CIC, we are a top-tier proprietary IP player, holding the largest number of IP categories across both digital and analog & mixed-signal as of December 31, 2025 and the second largest semiconductor IP provider primarily focused on digital IP in terms of IP revenue in 2025. We are the largest IP provider in Chinese mainland and the eighth largest IP provider globally in terms of IP revenue in 2025. We are also the sixth-largest IP provider globally in terms of IP licensing revenue in 2025.

As of December 31, 2025, our NPU IP has been licensed to 91 customers and integrated into over 140 AI chips, with cumulative shipments of nearly 200 million units. Our GPU IP has been deployed for over 20 years, with customer chips that incorporate our GPU IP shipping more than 2 billion units globally. Our VPU IP has been adopted by seven of the global top 20 CSPs, three of the top five Internet companies in China and five of top eight NEV manufacturers in China, according to CIC.

The following chart sets forth our core IP adoption highlights as of December 31, 2025.



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To explore escalating demands for heterogeneous computing in the AI era, we have pioneered AI-accelerated subsystems (AI-ISP, AI-Display, AI-DSP) that leverage our proprietary FLEXA synchronous interface for ultra-low-latency, DDR-less data exchange. These innovations are already in mass production — our AI-ISP powers flagship smartphones. We have also launched an innovative GPGPU architecture and have licensed it to multiple high-performance computing chip developers.

In addition to digital IPs, we also provide a broad portfolio of analog & mixed-signal IPs (including RF IPs and interface IPs), complemented by customized IP services. Our mixed-signal services span a wide range of process nodes — from mature 250nm CMOS nodes to advanced 4nm FinFET and 28/22nm FD-SOI nodes as detailed in the table below.

Foundries	Mixed-Signal IP													
	4nm	5nm	6nm	14nm	22nm	28nm	40nm	55nm	65nm	90nm	110nm	130nm	180nm	250nm
TSMC			✓			✓	✓	✓	✓	✓		✓	✓	✓
Samsung	✓	✓		✓		✓							✓	
IBM									✓					
SMIC						✓	✓	✓	✓	✓	✓	✓	✓	✓
FUJITSU								✓						
ST						✓								
GF					✓	✓	✓	✓	✓		✓	✓		
UMC						✓	✓	✓	✓				✓	
HEJIAN											✓		✓	✓
HH Grace											✓	✓	✓	✓
HLMC								✓						
CSMC												✓	✓	
Silterra											✓		✓	

Note: illustration of mixed signal IP process node

Leveraging our strategic deployment of ultra-low-energy technologies, we have developed over 60 analog & mixed-signal IPs on the 22nm FD-SOI process node to date. This portfolio encompasses foundation IPs, data converter IPs, and interface IPs. We have cumulatively licensed FD-SOI IP cores over 300 times to 45 customers as of December 31, 2025. Furthermore, we have provided custom silicon solution service for 45 FD-SOI projects to our customers, 36 of which have successfully achieved production as of December 31, 2025.

Addressing the diversified application scenarios of the IoT, we have established a comprehensive portfolio of RF IP and platform solutions on the 22nm FD-SOI process node. This portfolio supports a variety of IoT connectivity technologies, including dual-mode Bluetooth, Bluetooth Low Energy, NB-IoT, multi-channel GNSS, and 802.11ah. All of our RF IPs have been adopted in customer chips, with those incorporating our 802.11ah, 802.15.4g, and GNSS RF IPs already in mass production.

We have also established a strong presence in interface IPs. We offer a complete interface IP product portfolio, with core achievements covering 4nm UCIe PHY and controller IPs, USB PHY and controller IPs, MIPI D-PHY/C-PHY/A-PHY PHY and controller IPs, HDMI PHY and controller IPs, DP/eDP PHY IPs, as well as PCIe PHY and high-speed SerDes IPs. The majority of our interface IPs have been integrated into multiple products for customers and have achieved mass production. Additionally, our MIPI C/D-PHY TX/RX IPs have attained ISO 26262 certification and are applied in multiple ADAS chips.

Strong custom silicon capabilities from specification to mass production

We are the world’s fourth-largest full-stack (from chip specification definition to mass production) custom silicon solution service provider in terms of revenue in 2025, and the largest Chinese mainland player in that segment, according to CIC. Our design capabilities span advanced 4nm FinFET and 22nm FD-SOI to traditional 250nm CMOS process nodes, covering mainstream and specialty processes at major global foundries. We adhere to a dual-engine strategy in our technology roadmap: we apply FinFET to application scenarios requiring sustained high computing performance, while precisely targeting FD-SOI at edge computing and IoT scenarios that are extremely sensitive to power consumption. We have successful tape-out experience on process nodes from 14nm to 4nm FinFET and 28nm/22nm FD-SOI.

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Through our close relationships with leading global foundries and OSAT partners, we can support customers with flexible capacity access and next-generation packaging solutions. Our design approach — leveraging reusable, silicon-proven architectures — reduces development cycles and execution risk while ensuring consistent quality.

We provide a full suite of software support services (development platforms, SDKs, customized software, and maintenance) that shorten customers’ R&D cycles and reduce development risk. Our hardware-software co-design approach enables parallel development of chips and software stacks, accelerating design cycles. For advanced Chiplet and 3D-IC projects, we conduct packaging co-design from the architecture stage to ensure optimal performance and reduce late-stage modifications.

Our design flow has been certified under ISO 26262 for automotive functional-safety, and we have developed functional-safety SoC platforms and high-performance automotive SoC platforms that have been validated in customer projects.

Global presence with strong and expanding industry ecosystem partners across the industry chain

We operate as a global platform that collaborates closely with ecosystem partners to empower customers’ domestic, regional, and global strategies. Our worldwide customer base spans a diverse spectrum of industry players, comprising both chip companies (fabless companies and IDMs) and system vendors (Internet companies, CSPs, automotive companies and OEMs). This extensive customer base gives us insight into technology trends in AIGC, robotics, intelligent vehicles, and next-generation consumer electronics, which in turn sharpens our strategic focus and strengthens our technical and business capabilities. Furthermore, our deep and long-term collaboration with top-tier customers has also enhanced recognition of our custom silicon solution service and reinforced our reputation. Our overseas revenue accounted for 22.8%, 37.5% and 32.6% of total revenue in 2023, 2024 and 2025, respectively.

We adopt a foundry-neutral and OSAT-neutral strategy, enabling collaboration with all major global foundries and OSAT partners without being constrained by any single partner’s roadmap. As of December 31, 2025, we have close relationships with eight of the top ten global foundries and nine of the top ten OSAT partners, securing stable capacity and working on a broad spectrum of packaging technologies. We also cooperate with leading IP and EDA providers to build an advanced design-delivery system.

We are deeply committed to cultivating the semiconductor industry ecosystem. By continually hosting and participating in high-profile industry forums, we empower the supply chain and drive the commercialization of technologies. As of December 31, 2025, we have hosted 15 editions of the VeriSilicon CEO Forum, issuing five major industry development predictions annually to provide strategic market guidance. We have also hosted 15 editions of the Songshan Lake China IC Innovation Forum, through which we recommended 135 domestic ICs with a historical mass-production rate of approximately 94%. Furthermore, we have organized 10 editions of the Shanghai FD-SOI Forum, fostering deep connections among key participants across the global supply chain. In emerging technology sectors, we hosted four editions of the Dishui Lake China RISC-V Industry Forum (through which we recommended over 40 domestic RISC-V chips, and among those promoted in the first three editions of the forum for which statistics are available, more than 90% have entered mass production) and actively participated in the 5th China RISC-V Industry Forum.

Continuous R&D investments driving innovation and technological advancements

Deep early-stage R&D investment forms the cornerstone of our business, and by aligning our forward-leaning R&D with long-term end-market forecasts, we have established a proven track record of delivering market-ready innovation at the optimal inflection point. Core examples include:

FD-SOI (Investments since 2015): As semiconductor processes shrank below 28nm, severe power leakage became a physical bottleneck restricting the industry. To address this challenge, FinFET and FD-SOI technologies were introduced simultaneously. FinFET uses a 3D transistor structure to control leakage, whereas FD-SOI retains the traditional 2D planar

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structure but lays an ultra-thin insulating layer (buried oxide) underneath to eliminate leakage from the source. This unique 2D architecture gives FD-SOI a natural advantage in integrating RF functions, along with extremely low power consumption.

Based on our forward-looking anticipation of edge AI scenarios’ application demands, we have developed over 60 analog & mixed-signal IPs at the 22nm FD-SOI process node, provided custom silicon solution service for 45 FD-SOI projects (36 of which have been mass-produced), and have completed over 300 IP licensing to 46 customers as of December 31, 2025.

RISC-V (Investments since 2018): RISC-V is an open-standard instruction set architecture. Based on open-source principles, RISC-V allows developers to modify it freely, and its most prominent feature is its modular design. This extremely high flexibility enables chip designs to achieve an optimal balance of performance, power, and cost, thereby significantly lowering the barrier to chip design and accelerating the pace of innovation across various emerging applications, from smart wearables to AI accelerators.

Leveraging our keen insight into the trend of open-standard ISAs, we entered the RISC-V field very early, empowering the entire ecosystem with our comprehensive IP portfolio and custom silicon solution service. As of December 31, 2025, our semiconductor IPs have been adopted in 14 chips by major RISC-V chip companies, and our custom silicon solution services have been utilized by 42 customers, and 25 RISC-V chip projects have successively entered mass production as of the same date.

Chiplet (Investments since 2020): As the cost of manufacturing a single large-area monolithic chip rises sharply and yields are constrained, Chiplet technology offers a breakthrough solution — disaggregating a complex system into multiple smaller functional dies, also known as Chiplets. These Chiplets can be manufactured separately using the cost-effective process nodes, and then assembled into a complete chip through advanced packaging technologies. This approach significantly improves manufacturing yields, lowers R&D costs, and accelerates time-to-market.

We were among the first Chinese mainland enterprises to join the UCIE Alliance (2022), as part of our strategy to be at the forefront of innovation that address our customers’ continuously growing demands in the era of heterogeneous compute, particularly for cloud and intelligent driving applications.

Beyond these technology focus areas, we maintain long-term, intense investment in research and development, with R&D expenses representing 40.7%, 53.8% and 41.7% of our revenue in 2023, 2024 and 2025, respectively. Alongside our commitment to organic R&D innovation, we have executed multiple successful asset and technology acquisitions globally. Through exceptional cross-cultural corporate management, we have achieved a deep and seamless integration of top-tier global technical teams and our core local talents. As of December 31, 2025, we employ 1,839 R&D personnel, accounting for 89.4% of our total workforce, with 88.4% holding a master’s degree or above. In Chinese mainland, 25.0% of our employees have work experiences of over a decade, and the average employee age is approximately 32, establishing a highly qualified talent structure that balances profound experience with innovative vitality. Our sustained high R&D investment and highly efficient global talent integration is a foundational structure that allows us to continuously generate a rich portfolio of globally competitive R&D achievements.

Experienced management team and sustainable talent culture

Our founder, Dr. Wayne Wei-Ming Dai, is a renowned scientist and entrepreneur. He received his Bachelor’s degree in Computer Science and his Ph.D. degree in Electrical Engineering from the University of California at Berkeley, and formerly served as a tenured full professor in the department of Computer Engineering at the University of California at Santa Cruz. He received the NSF Presidential Young Investigator Award from the President of the United States in 1990. In the academic field, he was the founding Chairman of the IEEE Multi-Chip Module Conference and IEEE Symposium on IC/Package Design Integration. He was also an associate editor of *IEEE Transactions on Circuits and Systems* and an associate editor of *IEEE Transactions on VLSI Systems*, having published more than 100 papers in technical journals and conferences as of December 31, 2025. Dr. Wayne Wei-Ming Dai was the

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founder, chairman of the board of directors, and Chief Executive Officer of Ultima Interconnect Technology, Inc., and later served as the Co-Chairman and Chief Technology Officer of Celestry Design Technologies, Inc., an EDA company, which was acquired by Cadence Design Systems in 2002. Currently, his roles include a member of Asia Chancellor’s Council at University of California, Berkeley, and President of Berkeley Club of Shanghai.

Under Dr. Wayne Wei-Ming Dai’s leadership, we have built a highly experienced core management team, with team members possessing an average of 20 to 30 years of profound industry experience across semiconductor design, process technology, EDA/IP, software systems and supply chain. Core executives have previously served at top-tier global technology enterprises and professional institutions, including Broadcom, AMD, Marvell, Cadence, LSI Logic, HP, Bell Labs, and KPMG. This collective expertise fortifies us with management characterized by global vision and top-tier execution capabilities.

We regard talent as our core asset. Our corporate culture is built around the core values of “Fair, Care, Share, Cheer,” supported by systematic technical training, transparent promotion mechanisms, and a competitive compensation system. We adhere to high standards in talent selection. Substantially all of the new graduates hired by our Group in 2025 hold master’s degrees from top universities, mostly Project 985 or Project 211 universities in China. In the context of the AI era, our talent assessment evaluates not only intelligence and emotional qualities but also focuses on employees’ execution capability and esthetic appreciation.

Our talent team maintains a high degree of stability. According to CIC, our voluntary turnover rate in Chinese mainland was 2.8% in 2025, significantly lower than the semiconductor industry average of approximately 10.2%. Our talent strategy has garnered widespread industry recognition, earning awards such as “Employer of Excellence” in China, “Excellence in Employee Care Plan,” “Best Training Practice,” and “Best Employer in the Chip Industry” for five consecutive years.

OUR GROWTH STRATEGIES

From IP to AI-enabled IP

Based on our extensive proprietary semiconductor IP portfolio and R&D expertise, we are systematically upgrading semiconductor IP from traditional processing units to AI-enabled architectures. We achieve this advancement upgrading through our self-developed FLEXA synchronous interface communication technology. With this technology, we have constructed tightly coupled AI subsystems, including AI-ISP, AI-Display, and AI-DSP. These subsystems provide low-latency, high-efficiency processing pipelines, which are critical for edge AI applications. We will continue to iterate and enhance these technologies while accelerating their industrialization and commercial adoption.

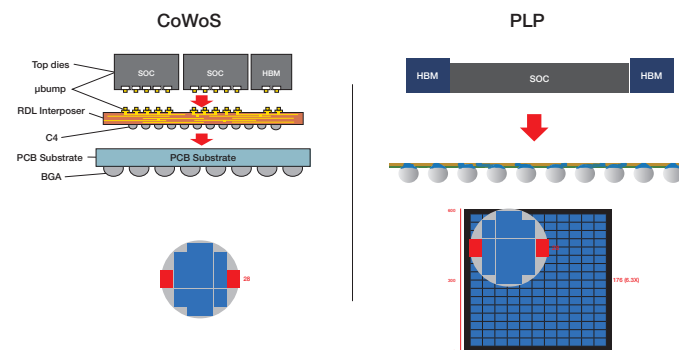
From SoC to SiP

Our strategic priority is to further build our leadership in SiP and Chiplet design, leveraging our expertise across a range of next-generation packaging technologies such as Chip-on-Wafer-on-Substrate (“CoWoS”) and panel-level packing (“PLP”).

As the semiconductor industry undergoes a structural shift toward heterogeneous integration to meet the performance, power, and cost requirements of AI and other complex workloads, SiP, which integrates multiple Chiplets into a single package, has become a critical enabler for our customers.

To support this shift, we are building design capabilities across multiple next-generation packaging technologies. Whilst we continue to support established approaches such as CoWoS, a cornerstone of our forward-looking strategy is our pioneering investment in next-generation PLP. PLP is an emerging technology that utilizes large rectangular panels instead of round wafers, offering potential advantages in manufacturing throughput and cost, with thermal and reliability characteristics that are well-suited for demanding applications such as automotive. By strengthening our expertise in SiP and Chiplet architectures, we enable our customers to overcome the limitations of legacy monolithic SoC design, helping them achieve their specifications and accelerate time-to-market for their most advanced products.

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Note: illustration of CoWoS and PLP technologies

From cloud AI ASIC to edge AI ASIC

Recognizing the industry-wide shift of AI inference from centralized cloud environments to distributed edge devices — driven by imperatives for lower latency, reduced cost, and enhanced data privacy — we are aligning our capabilities to empower this transition. We intend to equip high-volume existing markets, such as AI smartphones, AI PC, and AI Pads, with high-efficiency data processing and AI inference solutions. Concurrently, for emerging application areas like AI glasses, AI toys, AI rings and intelligent vehicles, we will collaborate with ecosystem partners to deliver comprehensive, optimized and low energy consumption edge-side intelligent solutions.

Deepening global ecosystem collaboration

We plan to continue to deepen our ecosystem within the global semiconductor industry by continuously expanding our partner network. On the supply chain front, we will uphold our foundry-neutral and OSAT-neutral collaboration strategies regarding foundries and OSAT partners, continuing to work closely with leading global manufacturing partners. By coordinating scaled resource pools, we are dedicated to effectively mitigating industry risks associated with capacity shortages and price fluctuations. At the same time, we will actively promote synergy between next generation packaging technologies and chip design to provide our customers with highly cost-effective and supply-secured custom silicon solution service.

Building upon a highly synergistic hardware foundation, we will further expand our strategic collaborations with global technology leaders in frontier application areas. In the rapidly evolving AI sector, we will continue to collaborate deeply with Google on “Project Open Se Cura” — an open-source framework aimed at accelerating the development of secure and efficient edge AI systems — dedicating ourselves to the development of edge-AI “Tokenization” technologies. As demonstrated by our forward-looking deployment in the AI glasses domain, we are committed to achieving hardware-software co-optimization between underlying chip architectures and small models, specifically aiming to overcome the severe power and thermal bottlenecks faced by edge computing. Furthermore, by optimizing vertical domain model solutions for specific application areas, we aim to accelerate the commercialization of advanced AI technologies across various edge scenarios.

Additionally, long-term industry ecosystem building and talent incubation are crucial for maintaining our strategic depth. We will continuously drive the robust development of international technology ecosystems such as RISC-V, FD-SOI, and UCIE, actively hosting and participating in globally influential industry exchange events, such as the RISC-V Summit China and technical seminars jointly organized with the Khronos Group. Concurrently, to continually inject fresh talent into the industry ecosystem, we will sustain initiatives like the “VeriSilicon Cup” National Embedded Software Development Competition. Through this layered progression and deep collaboration across the three dimensions of supply chain, frontier applications, and industry ecosystem, we aim to continuously consolidate our pivotal role within the global semiconductor ecosystem.

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Continued investment in talent and active fulfillment of corporate social responsibility

We regard talent as our core asset and the foundation of our growth. By building a future-ready organizational structure and strengthening our employer brand, we have established a full-cycle talent management system — covering attraction, motivation, development, and retention — to foster strong connections through our corporate culture. We recruit both top scientists and outstanding graduates, deepen partnerships with leading universities, and continuously expand and upgrade our talent pool. Aligned with employee development needs, we optimize compensation and performance systems and offer competitive equity incentives to align individual growth with company success, thereby improving per capita efficiency. Our integrated training programs — both online and offline — focus on enhancing the technical and managerial capabilities of key employees and core technical staff. We are also accelerating the integration of AI tools across operations to help our people stay ahead of technological trends and drive overall efficiency. Backed by years of technical expertise, industry insight, and practical experience, we are committed to attracting and developing versatile design talent and supporting their long-term growth. In doing so, we aim to build a sustainable and resilient talent ecosystem that serves as a solid foundation for our long-term business success.

We will also continue to uphold our ESG philosophy of “Governance & Compliance, People-Centricity, Igniting Innovation, and Caring for the Planet,” while comprehensively advancing our corporate social responsibility practices.

Pursuing M&A and strategic investment

Through M&A and strategic investment, we aim to acquire key IPs and technologies that are highly aligned with our strategic development directions. We also plan to leverage the Hong Kong capital market for cross-border investments and acquisitions to strengthen our technical advantages and customer coverage in overseas markets.

We will prioritize quality assets in application-specific domains that exhibit long-term growth potential and high technical barriers. Through these targeted initiatives, we intend to further expand our technology portfolio, accelerate revenue growth, and broaden our addressable markets, thereby creating long-term value for shareholders.

As of the Latest Practicable Date, we have not identified any specific targets nor entered into any definitive agreements; implementation of this strategy will be contingent upon valuation, diligence and regulatory approvals.

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We are a leading public company that provides custom silicon solutions, leveraging our comprehensive, proprietary portfolio of semiconductor IPs. We operate under our SiPaaS model and utilize our comprehensive IP portfolio and advanced R&D capabilities to deliver custom silicon solution service and IP licensing service to a broad customer base, including chip companies (fabless companies and IDMs) and system vendors (Internet companies, CSPs, automotive companies and other OEMs). Our services are deployed across a wide range of end markets, including data processing, consumer electronics, IoT, computers and peripherals, industrial and automotive electronics. The following tables set forth our revenue by service, end-application and AI and non-AI applications.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Custom silicon solution service						
Design service	492,470	21.1	724,794	31.3	876,558	27.9
Turnkey service	1,071,416	46.0	856,214	37.0	1,489,681	47.3
Subtotal	1,563,886	67.1	1,581,008	68.3	2,366,239	75.2
Semiconductor IP licensing service						
IP licensing	655,375	28.1	632,859	27.3	671,253	21.3
IP royalties	109,692	4.7	103,109	4.5	110,911	3.5
Subtotal	765,067	32.9	735,968	31.8	782,164	24.8
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

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	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Data processing	314,718	13.5	552,201	23.8	1,078,735	34.3
Consumer electronics . . .	513,007	22.0	484,939	20.9	676,157	21.5
IoT.	961,432	41.3	642,553	27.7	659,092	20.9
Computers and peripherals	197,413	8.5	323,891	14.0	308,406	9.8
Industrial	185,718	8.0	98,254	4.2	216,705	6.9
Automotive electronics . .	156,665	6.7	215,138	9.3	209,308	6.6
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
AI	1,007,075	43.2	1,295,363	55.9	2,030,989	64.5
Non-AI	1,321,878	56.8	1,021,613	44.1	1,117,414	35.5
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

Custom Silicon Solution Service

We undertake all or part of the processes from chip specification definition to mass production and provide related software design service. Leveraging our semiconductor IP resources and silicon design capabilities, we help our customers reduce design risks, shorten design cycles and accelerate time-to-market. The semiconductor IPs used in our design service can also be licensed to customers on a standalone basis under our semiconductor IP licensing service.

We categorize our offerings under custom silicon solution service into (i) design service and (ii) turnkey service.

Design Service

We provide customers with services for processes from design specification definition through engineering sample production and validation, based on their requirements in terms of chip function, performance, power consumption, die size and cost. Our design service covers the full chip design flow, including:

- **design specification definition and IP selection.** Based on customers’ product specification requirements, we refine and confirm chip design specifications, including IP selection, customization of certain IPs, target functional and performance indicators, and chip architecture schemes.
- **architecture design, implementation and verification.** Based on the agreed chip design specifications, we carry out architecture design and design implementation, including IP procurement and customization, logic design, design integration, functional verification, prototype validation, physical implementation, and package and test design. During the design process, we set design review milestones in accordance with the chip design specification document and the agreed review plan, and conduct regular or milestone-based reviews with customers on project progress and stage deliverables. Following review, we and the customer decide whether to proceed to the next stage. If

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changes to the chip design specifications are required, we update the design specifications upon mutual agreement and adjust the design plan accordingly.

- **tape-out and engineering sample production.** After design completion and passing the internal tape-out review, the project enters the engineering sample trial production stage. We deliver design data to the selected foundries and packaging and testing service providers for wafer fabrication and engineering sample packaging and testing to complete engineering sample production.
- **sample validation and acceptance.** Following completion of engineering sample production, we work with customers' design and system teams to carry out sample testing and validation against the agreed specifications. After we and our customer have reviewed and confirmed that the samples meet the specifications, we typically complete the acceptance process and sign sample confirmation documents.
- **software design support.** In parallel with chip design, we provide software design for customers as part of the same project. Depending on the customer's specifications, this may include developing application software, software development platforms and SDKs as well as providing customized software, ongoing maintenance and upgrade services. Software projects are managed through an agreed review plan with defined design milestones. At each milestone, we review project status and interim deliverables together with the customer and agree whether to advance to the next phase. Where the customer's software requirements change, we adjust the design plan by mutual agreement and reflect those changes in the subsequent development work.

As of December 31, 2025, we had 104 design projects in execution, of which approximately 60.6% were from 28nm to 4nm process node, approximately 34.6% were from 14nm to 4nm process node, and approximately 24.0% were from 7nm to 4nm process node, reflecting our growing exposure to advanced process design projects.

Our revenue from our design service is primarily derived from providing custom silicon design service to customers, including chip specification definition, IP selection, design, implementation and verification, as well as prototype tape-out in cooperation with foundries, based on customers' requirements for performance, power consumption, size and cost.

Turnkey Service

We provide customers with services covering part or all of the processes from production planning to final delivery of wafers or chip products, by arranging outsourced wafer fabrication, packaging and testing, and providing production management services. After completion and validation of chip design and software, customers place production orders for chips based on their assessment of end-market demand; these orders typically specify, among other things, the name, specifications, quantity and unit price of the mass production chips.

In our turnkey service arrangements, we provide the following services:

- **outsourced wafer fabrication.** We place orders with qualified foundries for wafer fabrication in accordance with customers' mass production requirements, process nodes and scheduling needs, and arrange for wafers to be manufactured in line with the agreed technical specifications and quality requirements.
- **outsourced packaging and testing (OSAT).** We engage qualified packaging and testing service providers to carry out packaging and testing of wafers. We may use different packaging and testing solutions according to product needs, including to meet automotive-grade or other high-reliability requirements.
- **production management and scheduling.** We formulate production plans based on customer orders, decompose such orders into orders to various outsourced suppliers and arrange product manufacturing. We monitor production status at each stage (including progress and relevant data), regularly report production

BUSINESS

status to customers, and, where production needs or conditions change, coordinate customers and outsourced suppliers to adjust production plans, investigate the causes of changes and help ensure stable production.

- **delivery and acceptance.** Upon completion of manufacturing and testing and confirmation that the wafers or chips meet the agreed specifications and quality requirements, we manage delivery of wafers or packaged and tested chips to customers in accordance with the agreed delivery terms, and assist customers in completing their acceptance processes where required.

We adopt a foundry-neutral and OSAT-neutral strategy, enabling collaboration with all major global foundries and OSAT partners rather than being constrained by any single partner’s capacity. We have design capabilities across mainstream semiconductor processes including traditional CMOS, advanced FinFET and FD-SOI. This foundry-neutral capability enables us to help customers select optimal process and architecture solutions that balance performance, power, area and cost. Revenue from our turnkey service depends on the production scale of our customer’s chips.

Selected Case Studies

Company A

Company A is one of the leading electric vehicle manufacturers in China and is at the forefront of autonomous driving and smart cockpit technologies. Since 2023, we have provided Company A with IP licensing service, including VPU IP and Dewarp IP, as well as custom silicon solution service for its autonomous driving chips. Leveraging our IP portfolio and design capabilities, Company A has developed a 5nm autonomous driving chip with high computing power. As Company A’s technology roadmap in autonomous driving continues to advance, we are cooperating with it on the development of its next-generation autonomous driving chip.

Our services for Company A have been adopted in mass-produced vehicle models, providing strong computing power support and functional differentiation for the ongoing enhancement of its autonomous driving capabilities.

Company B

Company B is a provider of wireless home security systems, and its main products are intelligent security cameras for home use and video doorbells. It was acquired by a globally-renowned Internet company in 2018.

In 2017, we customized a chip on FD-SOI process node for Company B for its battery-powered home security cameras, which rely on Wi-Fi for data transmission and therefore require ultra-low-energy. As part of this project, we also designed an ultra-low-energy analog IP for Company B.

Following its acquisition in 2018 and building upon our track record of cooperation, we seamlessly extended this strategic partnership to the acquirer, empowering it with two subsequent-generation customized chips to drive the continuous evolution of its smart home camera and video doorbell products. For these new chips, we adopted more advanced low-power technologies and further upgraded the relevant IP to reduce power consumption and improve yield. In addition, our collaboration with the acquirer has expanded to software design service. Such products have achieved strong market acceptance expanding from the North America to Europe, with cumulative shipments exceeding 120 million units as of December 31, 2025.

Semiconductor IP Licensing Service

Under our semiconductor IP licensing service, we license to customers:

- processor IPs, including GPU IP, NPU IP, VPU IP, DSP IP, ISP IP, Display Processing IP and AI-enabled IP.

BUSINESS

- analog & mixed-signal IPs (including RF IPs and interface IPs), which in aggregate amount to over 1,700 IPs as of December 31, 2025.
- customized IPs, where we develop or finetune IPs to meet specific customer requirements.

Our revenue from IP licensing represents revenue generated from granting customers the right to use our self-developed semiconductor IPs, either on a stand-alone basis or as part of an IP platform. Revenue from IP royalties represents revenue generated from the use of our IPs by customers in the production and sale of their products, which is typically calculated based on units sold or a percentage of sales at an agreed-upon rate.

RESEARCH AND DEVELOPMENT

Our R&D activities are primarily driven by market trends and customer requirements, and are focused on, processor IPs, IP subsystem, analog and mixed-signal IPs, including RF IPs and interface IP, and software platforms, as well as key design methodologies. These R&D-driven capabilities allow us to apply advanced manufacturing processes and packaging that support the delivery of custom design projects under our SiPaaS business model. We rely on a combination of patents, trademarks, copyrights, know-how, confidentiality agreements and other measures to protect our intellectual property and proprietary technologies. As of December 31, 2025, our research and development efforts have produced 240 invention patents, three utility model patents, two design patents, 12 software copyrights, 151 registered trademarks, and 273 registered IC layout-design rights.

R&D Process

Custom Silicon Solution Service

Our R&D for custom silicon solution focuses on design methodologies for reusable design platforms and functional subsystems built around IP. By integrating our proprietary IP or third-party IP, we develop design platforms tailored for different application scenarios and apply these platforms in the implementation of customer projects. Each design platform typically comprises functional subsystems, associated design and verification methodologies, and implementation flows for specific process nodes. The development of these platforms generally follows a staged process, including requirements gathering, project initiation, R&D execution, project acceptance and subsequent roll-out, with the results primarily used for pre-research and continuous improvement of our design platforms.

Our software development supports the implementation of our solutions. Our software development process generally includes requirement analysis, formulation of software specifications, development planning, software architecture design, software development, code review and testing, software quality review, and software release. We have established automated testing procedures and quality control processes to support rapid and continuous software iteration and release and to ensure the delivery of software in accordance with customer requirements.

IP licensing service

Our semiconductor IP development process generally includes product market research, technical feasibility analysis, formulation of product specifications, development planning, IP architecture design, IP design implementation, IP design verification, IP performance testing and final design acceptance.

Our IP and IP Platforms

We have built a comprehensive semiconductor IP and IP platform portfolio that serves as the core technology foundation for both our custom silicon solution service and our semiconductor IP licensing service. Our portfolio covers six categories of processor IPs (GPU IP, NPU IP, VPU IP, DSP IP, ISP IP and Display Processing IP), together with more than 1,700 analog & mixed-signal IPs (including RF IPs and interface IPs). These IPs can be licensed to customers on a standalone basis or combined into subsystem- and platform-level solutions. Leveraging our SiPaaS model, we continuously upgrade and expand our IP and IP

BUSINESS

platforms to support new AI application scenarios, advanced process technologies and Chiplet-based architectures, thereby enhancing the scalability and reusability of our technology outputs.

Graphic Processing Unit (“GPU”) IP

Our GPU IP is built on more than two decades of continuous R&D, featuring a highly scalable architecture that supports efficient graphics rendering and high-performance parallel computing. The architecture covers applications ranging from ultra-low-energy wearable devices to high-performance and power-efficient GPU and GPGPU server products.

In graphics processing, the power-efficient design of architecture of our GPU IP enables complex gaming, smooth user interfaces and high-quality visual experiences across a variety of end devices. In parallel computing, our GPU architecture provides high-performance and power-efficient GPGPU capabilities to support server and data center workloads, enabling scalable computing solutions across consumer, automotive and cloud infrastructure markets.

Our GPU and GPGPU IPs have been licensed to multiple customers worldwide. They have been widely adopted in smart wearable products and hold a significant share of the global smartwatch market. In the automotive sector, our GPU IP has been integrated into tens of millions of vehicles, supporting instrument clusters, in-vehicle infotainment systems and smart cockpit platforms with the cumulative shipments of customers’ chips equipped with our GPU IP exceeding two billion units, as of December 31, 2025.



Desktop



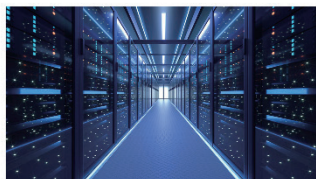
Smartphone



Automotive



PC



Data Center



Cloud Gaming

Neural Network Processing Unit (“NPU”) IP

Our NPU IP is built on a hybrid architecture that combines the programmability of GPGPU with the efficiency of dedicated domain-specific accelerators. This architecture enables highly optimized neural network processing and supports a wide range of AI workloads, including computer vision, speech processing, image enhancement and large language model inference.

With performance of up to 40 TOPS, our ultra-power-efficient NPU can support complex on-device reasoning tasks, such as LLM execution, within the power constraints of edge devices. Customers’ chips employing our NPU IP are already in mass production and have been deployed in smartphones of a global renowned smartphone brand as of the Latest Practicable Date.

As of December 31, 2025, our NPU IPs have been integrated into more than 140 AI chips by 91 customers, covering over ten key markets including AIoT, smartphones, intelligent driving, PCs and data centers, and customers’ chips equipped with our NPU IP have been shipped nearly 200 million units worldwide.

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AIoT/Smart Home



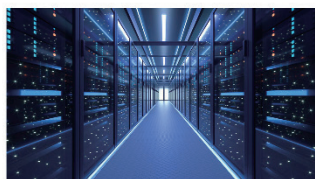
Wearables



Intelligent Driving



Smartphone



Data Center



Robotics

Video Processing Unit (“VPU”) IP

With over 20 years of continuous development, our VPU IP provides advanced multi-format video encoding and decoding capabilities. It delivers high-quality, high-performance and low-power video processing to meet the stringent requirements of consumer, automotive and cloud applications.

VPU IP architecture is designed to adapt efficiently to different device constraints. In the wearable market, our VPU offers ultra-low-energy and high silicon efficiency for highly constrained devices. Leveraging our high-throughput and high-quality video processing technology, our VPU IPs are also optimized for cloud and data center infrastructure, supporting large-scale video streaming, transcoding and AI video workloads.

Our VPU IP has been widely deployed. In the automotive market, it has been adopted by 5 of the 8 emerging automotive companies to power digital cockpit, infotainment and intelligent display systems in 2025, according to CIC. In the cloud computing sector, it is used by 7 of the global top 20 cloud platform providers and 3 of the top 5 Internet companies in China in 2025, according to the same source. As of December 31, 2025, customers’ chips equipped with our VPU IP have been shipped for more than 250 million units.



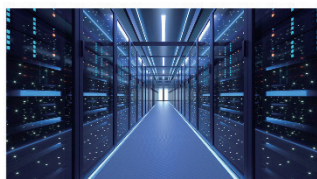
Surveillance/Webcam



Smart Home/Large Screen



Intelligent Driving



Data Center



PC



AI/AR Glasses

BUSINESS

Digital Signal Processing (“DSP”) IP

With over two decades of development, our DSP IP is an advanced architecture optimized for complex signal processing workloads. It delivers high data throughput and ultra-low execution latency and is specifically tailored for efficient audio, voice and communication baseband processing.

This highly configurable architecture provides deep optimization for compute-intensive workloads, including computer vision and embedded artificial intelligence, and is designed to deliver strong performance and energy efficiency across a wide range of multimedia, wireless connectivity and IoT applications.

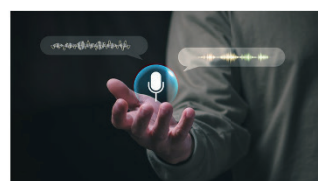
Our latest fifth-generation DSP IP series enables flexible and scalable solutions for smart devices, automotive systems, wearables and AIoT products. The architecture is engineered to provide an optimized balance of computing capability, power efficiency and silicon area for edge devices.



Computer Vision



AIoT



Audio/Voice



Wireless & 5G



Robotics



AI/AR Glasses

Image Signal Processing (“ISP”) IP

Our ISP IP is a core imaging engine designed to efficiently support multi-sensor systems and high-resolution imaging with ultra-low-energy. It is intended to enable AI vision solutions across a wide range of applications, including machine vision, intelligent vehicles, robotics, webcams, security cameras and AR/VR devices.

The ISP IP architecture integrates advanced image processing technologies, providing full support for HDR, multi-frame noise reduction, lens distortion correction and multi-sensor synchronization. For autonomous driving applications, ISP IP features an ultra-low-latency pipeline that minimizes the time from image capture to AI processing to support real-time decision-making. Our ISP IP has been certified under ISO 26262 for automotive functional-safety.

As of December 31, 2025, our ISP IP, which serves the smart home, security, automotive and embedded vision markets, had been adopted by more than 80 customers worldwide, including over 20 automotive companies.

BUSINESS



Camera System



Automotive



Robotics



Drone



AI/AR Glasses



Doorbell

Display Processing IP

Our Display Processing IP is designed to efficiently process pixels across a wide range of display types using built-in advanced picture quality enhancement technologies. It provides a comprehensive display solution that scales from ultra-low-energy wearable displays to high-performance multi-screen systems and supports up to 8K@60fps ultra-high-definition output.

Display Processing IP integrates a broad set of display processing features, including image enhancement, super-resolution, 3D LUT color correction and support for high dynamic range standards such as HDR10, HDR10+, delivering accurate and high-contrast visual experiences. For automotive applications, our Display Processing IP has been certified under ISO 26262 for automotive functional-safety.

Our Display Processing IP has been widely deployed in mass-produced products across multiple market segments, including wearables, smartphones, tablets, smart displays and high-end consumer devices. In addition, our functional-safety-certified Display Processing IP has been deployed in mass-produced vehicles globally.



Intelligent Cockpit



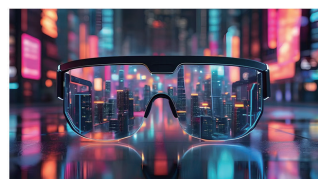
Smartphone/Tablet



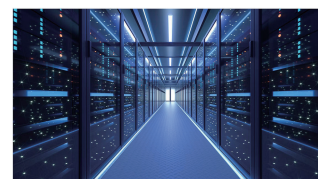
Smart Home



Smart Watch



AI/AR Glasses



Data Center

BUSINESS

Image Rendering Unit (“IRU”)

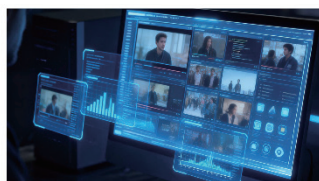
In January 2026, we completed the acquisition of a controlling interest in Pixelworks Semiconductor and added its IRU to our IP portfolio. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Pixelworks Semiconductor.” IRU is a proprietary visual computing technology to accelerate graphics rendering and enhance visual output quality in modern computing systems. Designed to complement traditional GPU pipelines, our IRU adopts a distributed rendering architecture comprising an image-based rendering engine for frame generation efficiency, a neural rendering engine for AI-enhanced visual details, and an enhancement engine for wide-color-gamut and HDR output.

By offloading and optimizing specific rendering tasks from the main processors, IRU technology can significantly reduce the computational burden on CPUs and GPUs. Under selected workloads, this architecture has demonstrated the capability to significantly improve system-rendering performance, enabling high-framerate and high-fidelity visual applications while maintaining device power efficiency.

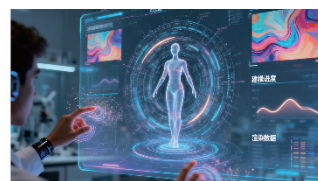
To provide comprehensive system-level solutions, we have established strategic integration between the IRU technology and our core processing engines, including our proprietary GPU, NPU, ISP and VPU IPs. This synergistic co-optimization enables customers to deploy a complete suite of AI-driven visual computing workloads across imaging, graphics and video applications with sustained performance.



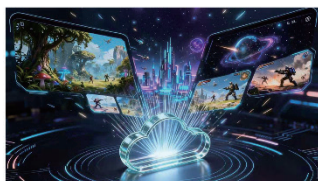
Game Rendering



Video Content Creation



3D Reconstruction



Cloud Rendering Services



Robotics



Smart Display

AI-enabled IP

Our AI-enabled IP represents a cross-domain converged computing architecture optimized for edge applications. Utilizing our proprietary FLEXA synchronous interface technology, it integrates independent IP cores, such as the ISP, VPU and NPU, into tightly coupled AI subsystems.

AI-enabled IP architecture optimizes traditional in-chip data transfer by enabling direct data flow between IP cores without accessing DDR memory. This subsystem-level approach is designed to reduce memory bandwidth bottlenecks and to deliver low-latency, power-efficient processing tailored for edge AI scenarios.

Our AI-enabled IP, including the AI-ISP and AI-Display subsystem, have been deployed across various edge applications, primarily in smartphones, wearable devices and security IoT products.

BUSINESS



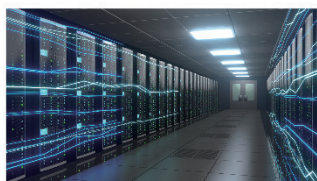
AI Smartphone



Intelligent Cockpit



AI PC



Data Center



Wearables



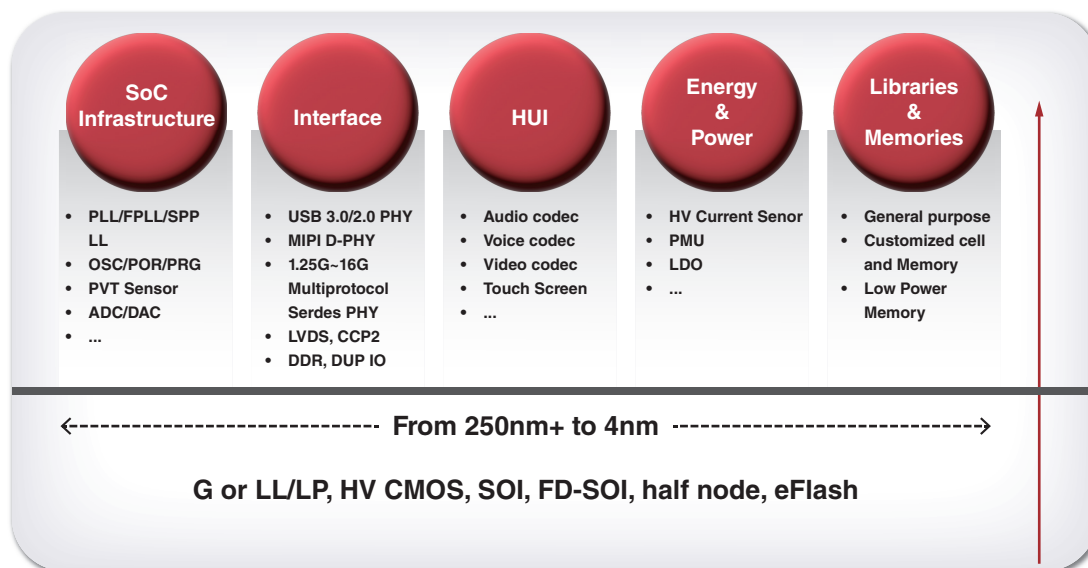
Surveillance System

As of December 31, 2025, we have developed over 1,700 mixed-signal IPs (including RF IPs, interface IPs and application-oriented analog & mix-signal IP platforms) that support a wide range of process technologies across major foundries. This extensive IP library enables our customers to streamline silicon development and accelerate product time-to-market.

Analog & mixed-signal IP

We provide a comprehensive portfolio of analog and mixed-signal IPs to support custom silicon design. This portfolio includes SoC infrastructure IP, interface IP, human-user interface IP, energy & power IP, and libraries & memories IP. These IPs can be licensed to customers on a standalone basis or integrated into subsystem and platform-level solutions.

Our silicon-proven IP portfolio is adapted to the manufacturing processes of mainstream global foundries, with coverage extending from mature process nodes down to 5nm and 4nm advanced process nodes. By supplying reliable underlying physical building blocks, these solutions are designed to help customers mitigate physical design risks when migrating to advanced nodes.



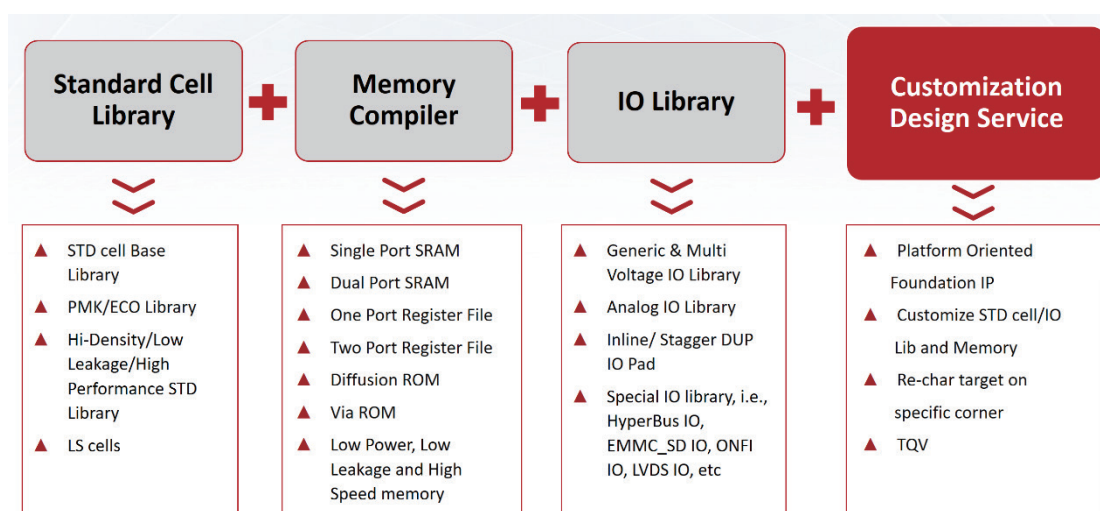
BUSINESS

Foundation IP Platform

We design and provide a comprehensive portfolio of foundation IP, encompassing standard cell libraries, memory compilers and input/output libraries. These essential physical building blocks are designed to support a wide range of semiconductor manufacturing processes across multiple global foundries.

Our engineering capabilities include the custom re-characterization of standard cell libraries, allowing us to fine-tune physical IP to meet specific system-level requirements and to optimize for targeted processing speeds and stringent power consumption profiles in complex SoC designs.

As of December 31, 2025, the standard cells library have been deployed across a broad spectrum of process nodes. Our silicon-proven portfolio spans from 250nm mature CMOS process nodes down to advanced 5nm and 4nm FinFET process nodes from various foundries, providing a reliable physical foundation for custom silicon development.



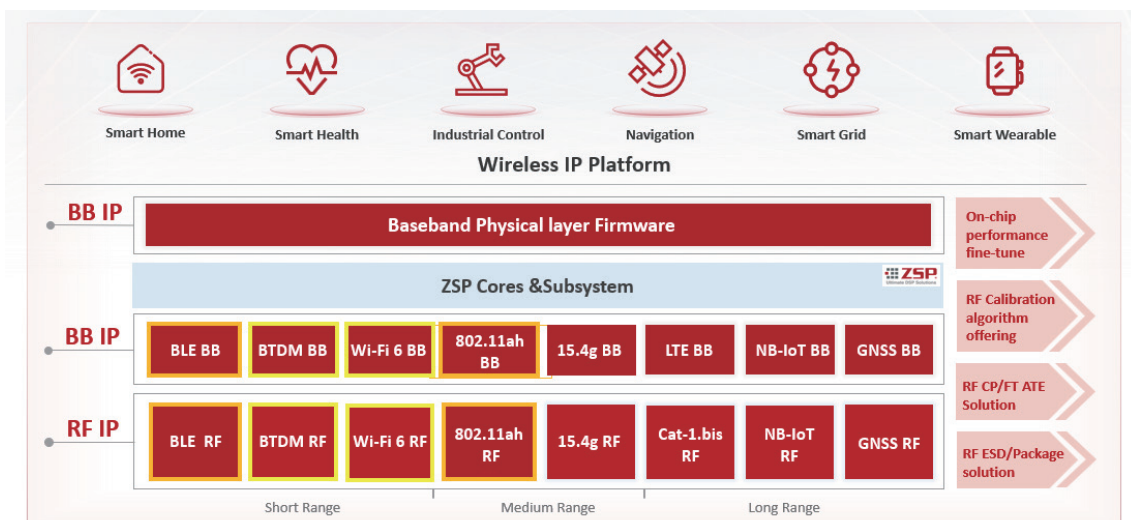
Radio Frequency (“RF”) IP and Wireless Connectivity Platform

We offer full-stack wireless connectivity solutions that encompass the RF front end, baseband and software protocol stack. Developed on the 22nm FD-SOI process node, this platform provides high integration and optimized power consumption for wireless communications. Our portfolio also includes a fully developed point-to-point WiFi Aware IP, which integrates a complete RF, baseband and software stack.

This platform is compatible with mainstream wireless communication protocols, including Wi-Fi 6, BLE 5.3, NB-IoT and multi-mode satellite navigation. It incorporates on-chip performance-adaptive fine-tuning and RF calibration algorithms to help ensure reliable signal transmission. In addition, our Wi-Fi Aware IP reduces discovery and connection times and adopts a simplified software architecture to achieve power savings during standby and discovery phases.

As of December 31, 2025, this series of RF IPs has been adopted by multiple customers for mass production. In particular, our wireless solutions have been deployed in low-power consumer electronics, including smartwatches and AI/AR glasses.

BUSINESS

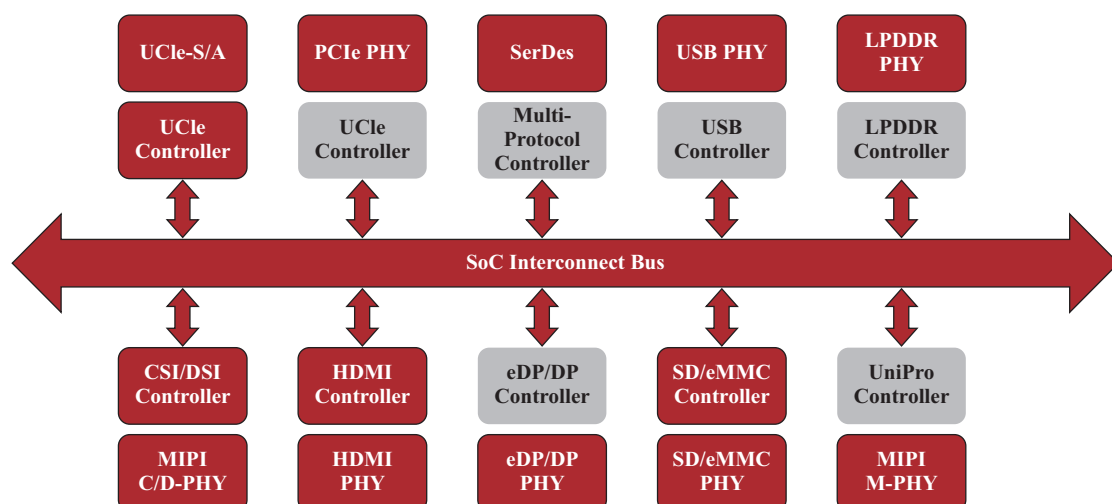


Interface IP Platform

We provide an interface IP portfolio designed for high-speed data transmission and system interconnection. This portfolio covers key industry standards, including UCIe, MIPI, USB, HDMI and PCIe, and has been ported to advanced process nodes such as 8nm and 4nm to support custom silicon development.

These interface IPs are engineered to deliver high bandwidth with low power consumption, enabling efficient data exchange both within an SoC and between external devices. This architecture is designed to meet the spatial constraints of consumer electronics as well as the reliability requirements of enterprise-level and automotive-grade applications, and serves as a critical interconnection component for heterogeneous computing and intelligent vehicle architectures.

We are currently advancing the functional-safety certification of our interface IP portfolio in a systematic manner. By leveraging an ISO 26262-certified design flow with our automotive-grade IP portfolio, we continue to deploy our interface IP solutions in the automotive electronics sector to support next-generation vehicle platforms.



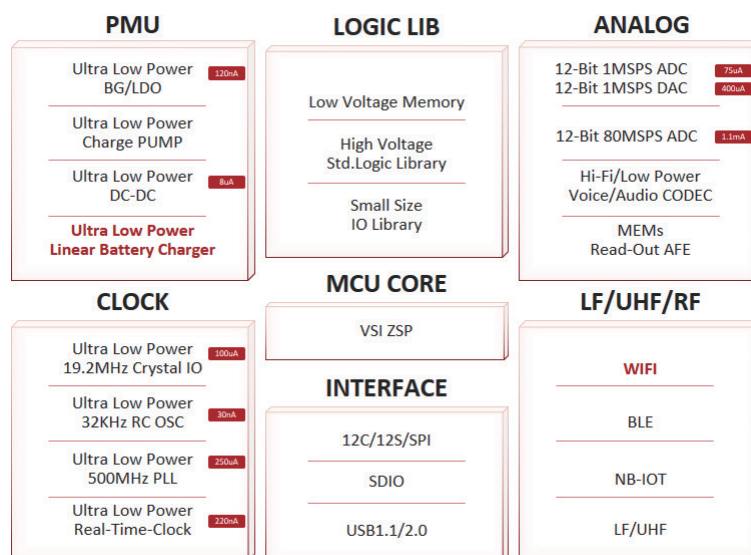
BUSINESS

Customized Mixed-signal IP Platform

We provide analog and mixed-signal IP customization services, including high-performance analog-to-digital converters (ADC), digital-to-analog converters (DAC) and other specialized functional blocks. These services are designed to deliver tailored IP solutions that are aligned with customers’ specific system architectures.

The customization process combines our analog design expertise with targeted application requirements. This enables us to address specific performance metrics and power consumption profiles that standard, general-purpose IPs may not meet, and to ensure that the IP satisfies precise operational parameters at the silicon level.

Our customization capabilities form an integral part of our SiPaaS model. By providing tailored analog and mixed-signal solutions, we enable customers to implement customized chip designs and support their specific semiconductor product development lifecycles.

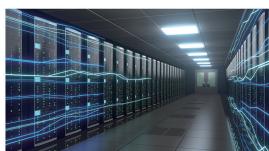


High Performance SoC Platform

Our high-performance SoC platform is a system-level chip architecture developed on advanced process nodes. This platform integrates multi-core CPUs, GPUs, NPU and NoC to support high-performance computing requirements.

This architecture is designed to manage complex heterogeneous computing workloads efficiently by synchronizing different processing units to balance high-throughput computation with optimized power consumption and system scalability. The platform is structured to support the hardware requirements of high-end application processor chips.

Our high-performance SoC platform has been successfully adopted by customers’ flagship tablets multimedia devices, vacuum robot cleaner, and high-performance computing terminals. By providing a silicon-proven foundation, the platform enables our customers to accelerate time-to-market while significantly mitigating the engineering risks typically associated with high-end custom SoC development.



Data centers devices



Intelligent cockpit



Industrial human-machine interaction



Wearable

BUSINESS

Transcoding SoC Platform

Built on our High-Performance SoC Platform, our Transcoding SoC Platform is a high-concurrency, heterogeneous computing architecture designed specifically for data centers. It addresses the growing computational demands arising from large-scale video streaming and AIGC applications.

This platform integrates our proprietary VPU IP with advanced pixel-processing technologies, including super-resolution. It is engineered to deliver high-quality video output while optimizing power consumption and reducing latency per channel, thereby helping CSPs lower the total cost of server operations.

As of December 31, 2025, we have deployed two generations of this transcoding SoC architecture on 14nm and 5nm process nodes. We provide comprehensive custom silicon solution service, enabling the simultaneous encoding and decoding of up to 32 high-definition video streams. These solutions have been adopted by seven of the global top 20 CSPs and three of the top five Internet companies in China. A next-generation, AI-enhanced transcoding platform on advanced process nodes is under development as of December 31, 2025.



Video streaming
Security

Remote healthcare
and education

Security

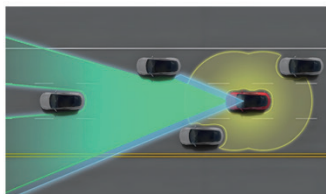
Gaming

Autonomous Driving SoC Platform

As another platform derived from our High-Performance SoC Platform, our autonomous driving SoC platform features a high-performance network-on-chip, CPUs and NPUs. It integrates our ASIL D-compliant functional-safety island IP, supporting customers' products in achieving ISO 26262 certification.

As a core component of the autonomous driving platform, we have developed a full spectrum of IPs to meet diverse functional-safety requirements across different automotive safety integrity levels. In addition to the autonomous driving platform, we also provide software design service to support customers in bringing vehicles into commercialization and mass production stage.

This platform has been successfully deployed in customer projects based on the 5nm advanced process node. The next-generation autonomous driving platform is currently being designed for deployment on more advanced process nodes, with enhanced connectivity and bandwidth supported by PCIe and UCIe interfaces.



Highway Autopilot

Autonomous Valet Parking

RoboTaxi

BUSINESS

High-performance AIGC Platform

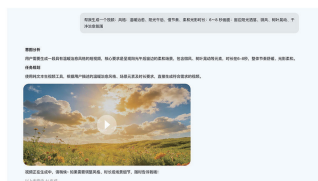
Our High-Performance AIGC Platform adopts an advanced custom silicon architecture engineered to support AIGC workloads. This platform integrates a comprehensive suite of computing technologies, including GPGPUs, NPUs and other specialized processing units, to deliver optimized AI performance.

This architecture incorporates a range of high-bandwidth memory solutions, such as LPDDR6, LPDDR5x and high bandwidth memory and features high-speed interconnects including PCIe 5.0, 56G/112G SerDes and UCIe, to support efficient data transfer and scalability within complex AIGC systems. We also provide a Linux-based software development kit tailored for customer-specific AIGC SoCs to support customers’ training and inference requirements.

This platform has been deployed across multiple customer projects using advanced process nodes. As of the Latest Practicable Date, one AI ASIC has already been successfully taped out.



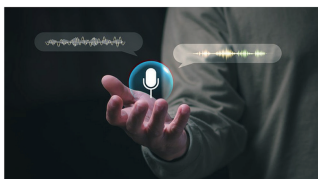
Image generation



Video generation



Text creation



Music creation



Financial analysis



Personalized education

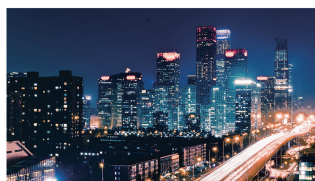
BUSINESS

AI Image Signal Processing (“AI-ISP”) SoC Platform

By integrating full-stack SoC RTL, back-end physical design and a real-time software SDK, our AI-ISP SoC Platform provides customers with a comprehensive custom silicon solution. This integrated approach supports chip development from the underlying silicon architecture to upper-layer algorithm implementation.

This platform architecture features a dedicated NPU and an image pre-processing unit. Utilizing our proprietary FLEXA synchronous interface technology, it achieves a low-power, low-latency and DDR-less design. This configuration mitigates legacy systems’ image-processing bandwidth constraints and enables AI-driven image quality enhancement and adaptive computing under strict power requirements.

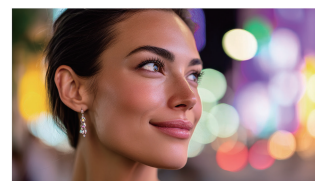
As of December 31, 2025, this solution has been adopted by internationally renowned smartphone brands and in mass production.



Ultimate night
photography



Scene recognition
and optimization



Smart portrait
and video bokeh



AI super resolution



Background processing



Video stabilization and
motion compensation

BUSINESS

Ultra-low-energy AI/AR Glasses SoC Platform

Given the diversity of the AI/AR glasses market, our ultra-low-energy AI/AR Glasses SoC Platform provides a flexible and configurable custom architecture designed to meet the requirements of different market segments. It supports various camera configurations, multiple output interfaces and optional connectivity solutions.

To address the strict wearability constraints of AR devices, the platform adopts a dual-chip distributed architecture and advanced HB-PoP packaging technology. Its hardware features include control of up to 22 independent power domains, a DDR-less operating mode and a multi-level standby system with voice and video wake-up, which together help to minimize power consumption and thermal output. In addition, we also design dedicated micro LED driver and video processing chip for our customers to interface with various display technologies.

By integrating these technologies, we have built a complete custom ASIC platform to support spatial computing applications in the emerging AI/AR market. As of December 31, 2025, this platform has been used to develop AI/AR chips for a leading global Internet company, supporting the commercialization of next-generation wearable devices.



Entry-level



Mid-range



High-end

Mixed-signal ASIC Platform

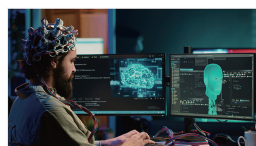
Leveraging our infrastructure IPs and low-power mixed-signal IPs, we have developed a proprietary mixed-signal ASIC platform to support the design of custom ASICs for a wide range of applications.

As of December 31, 2025, this platform has been deployed in multiple customer projects, including applications such as home security cameras, on-board diagnostics systems and BLE MCUs.

By integrating a comprehensive suite of mixed signal IPs, including power switches, ring oscillators, low dropout regulators, MIPI C/D PHY interfaces and 802.11ah RF/baseband connectivity, and leveraging our design service, a home security camera SoC developed on this platform has achieved significant market penetration, with cumulative shipments exceeding 120 million units as of December 31, 2025.



Automotive
diagnostics



Brain-computer
interface



Micro-LED
driver



eMMC/SD
controller

BUSINESS

Low-Power BLE MCU Solution

With our full suite of mixed-signal IPs and a complete set of BLE IPs covering the RF, baseband and software stack, we have developed a BLE MCU solution based on the 22nm FD-SOI process node. This solution has been adopted by a global Tier-1 microcontroller company.

In addition, we provide customers with production-ready SDKs to enhance their product competitiveness and shorten time-to-market.



Smart Home



Wearables



Healthcare



Consumer Electronics



Industrial & IoT



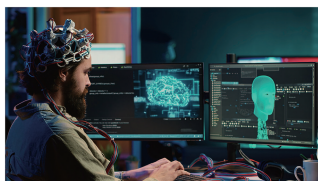
Automotive

VeriHealthi Platform and Solutions

We are strategically expanding from traditional consumer electronics into the high-growth “Big Health” market. We have launched the “VeriHealthi” platform, which, anchored by our proprietary IPs, provides integrated health detection solutions spanning from custom silicon design to reference applications. Our VeriHealthi platform offers multiple levels of licensing and custom design service – including software SDKs, health algorithms and intelligent hardware thereby providing enterprise customers with diverse options and flexible configuration capabilities.

Based on this platform, we have delivered customized silicon designs for invasive brain-computer interface chips, capsule endoscopy chips and wearable low-power Bluetooth chips to multiple global clients. In addition, we have independently developed over 20 health algorithms covering electrocardiogram (ECG) measurements, blood pressure monitoring and blood glucose measurement. We will continuously iterate these core technologies to accelerate the commercialization of emerging health devices, such as AI rings, brain-computer interface health monitors and intelligent rehabilitation robots, thereby providing the underlying technical support for application scenarios including physical examinations, smart elderly care and medical rehabilitation.

BUSINESS



Brain-computer interface



Capsule endoscopy



Health wearables



Digital human body



Smart elderly care



Sports monitoring

Our Technologies

We have developed a series of key technologies for our custom silicon solution services and semiconductor IP licensing service.

Technologies for Custom Silicon Solution Service

Architecture Evaluation Technology

Architecture evaluation refers to the process of performing both qualitative and quantitative evaluations at an early stage of design, based on application scenarios defined in accordance with product specifications. These evaluations cover the overall design architecture, key functional modules, IP performance metrics and design parameters and form the basis for defining chip architecture.

We leverage our accumulated design experience and established platform architectures, together with advanced EDA tools and our proprietary performance models for functional modules, and incorporate measured data from existing products, to significantly enhance the accuracy of early-stage architecture evaluation as compared to theoretical estimations. We have also applied our evaluation platform in our existing ASIC design service to complete architecture design. These capabilities enables us to avoid design rework or over-design arising from suboptimal architecture definition, thereby shortening design cycles.

Large-scale SoC Verification Technology

Design verification is an essential part of the chip design and implementation process to ensure the design quality and shorten the design cycle. As the design scale and design complexity of large-scale SoC have increased significantly, resulting in a significant increase in the difficulty of design verification, legacy verification methods may not be sufficient to meet the needs of design verification in certain projects.

Combining various verification methods such as ASIC simulation, FPGA platforms and hardware acceleration/emulator platforms, our large-scale SoC verification platform can support verification of SoCs with more than 1 billion logic gates, supporting the verification of complex application-processor-level SoCs. It also enables early development and verification of device drivers and SDKs, thereby meeting both the completeness and time-to-market requirements of design verification.

BUSINESS

Design Techniques for Advanced Process Nodes

As manufacturing processes evolve, the complexity of the design process increases significantly. For different foundries and process nodes, it is generally necessary to define corresponding design processes and design methodologies and verify them through tape-outs.

Our design technology can support both mature CMOS 28nm and above process node, as well as advanced process nodes including FinFET at 14nm/10nm/7nm/6nm/5nm/4nm process nodes and FD-SOI at 28nm/22nm process nodes. In particular, we have implemented adaptive body-biasing technology on the FD-SOI 22nm process node, which delivers significant benefits for ultra-low-energy IoT applications.

Design Process Construction in Accordance with the ISO 26262 Standard

We have established a design process construction that complies with the ISO 26262 standard and obtained certification from TÜV Rheinland, an independent international testing, inspection and certification organization. With this certifications, we can follow internationally recognized functional-safety design processes for automotive chips and provide design service that meet various automotive safety integrity levels for our customers.

Platform-Based Software Development Technology

To meet the needs of different customers and markets, we have designed and developed tiered, modular and reusable driver software and middleware development kits for different types of high-performance application processors, SoCs and microcontrollers. These kits are based on mainstream operating systems, which are able to meet the needs of various products including notebook computers, media player boxes, IoT, wireless Bluetooth headsets and other wearable devices.

We have designed Linux SDKs and Chromium OS and Android system SDKs for application processors, and have also designed IoT system software platforms for low-power SoCs and MCUs based on FreeRTOS, which can help customers quickly develop application software and shorten the volume production cycles for their products.

Technologies for IP Licensing Service

Our IP constitutes the core of our technologies and forms the basis of our IP licensing service, enabling us to deliver our customers scalable and differentiated services. See “— Our IP and IP Platform.”

R&D Centers and Personnel

As of December 31, 2025, we have established R&D centers in nine cities (including locations in the PRC and overseas), which allows us to incorporate newly developed and leading technologies into our R&D projects. As of December 31, 2025, we had 1,839 employees dedicated to R&D, representing approximately 89.4% of our total number of employees. Our R&D team includes engineers with experience in the semiconductor industry. As of December 31, 2025, approximately 88.4% of our R&D employees held a master’s or doctorate degree.

R&D Expenses

In 2023, 2024 and 2025, our R&D expenses amounted to RMB947.2 million, RMB1,247.3 million and RMB1,312.7 million, respectively, representing 40.7%, 53.8% and 41.7% of our revenue for the same respective years.

BUSINESS

SALES AND MARKETING

We have established a global sales and marketing platform to support our business growth and deepen our engagement with key customers. We maintain sales and technical support teams in a number of locations in which our major customers are located, including China, the United States, Europe, Japan and South Korea. This network enables us to closely monitor market developments and customer requirements and effectively promote and deliver our services across our target markets.

Our regional sales teams work in close coordination with our technical support team to provide customers with timely and localized support. Through this integrated sales and technical support model, we aim to improve our responsiveness to customer requests, enhance customer satisfaction and foster long-term, strategic relationships with leading industry participants in our key markets.

Our Customers

Our customers primarily consist of chip companies (including fabless companies and IDMs) and system vendors (including Internet companies, CSPs, automotive companies and other OEMs). As of December 31, 2025, we had served approximately 350 customers for our custom silicon solution service and more than 465 customers for our IP licensing service.

In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB1,086.7 million, RMB1,033.0 million and RMB1,434.3 million, respectively, accounting for 46.7%, 44.6% and 45.6% of our total revenue in these respective years. In 2023, 2024 and 2025, sales to our largest customer amounted to RMB535.1 million, RMB469.2 million and RMB503.9 million, respectively, accounting for 23.0%, 20.3% and 16.0% of our total revenue in these respective years. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Hong Kong Listing Rules.

BUSINESS

For the year ended December 31, 2025

	Customer	Revenue <i>(in RMB thousands)</i>	Percentage of revenue %	Year of commencement of business relationship	Major services provided	Credit terms	Background
1	Customer A . . .	503,934	16.0	2018	Custom silicon solution service and IP licensing service	Mainly 90 days after the invoice date	Customer A is a US-listed multinational technology company, engaged in e-commerce, cloud computing, online advertising, digital streaming, and artificial AI, headquartered in the United States.
2	Customer B . . .	486,636	15.5	2023	Custom silicon solution service and IP licensing service	Mainly 30 days after the invoice date	Customer B is a private company engaged in the fields of electronic components and IC design, headquartered in China.
3	Customer C . . .	182,774	5.8	2019	Custom silicon solution service and IP licensing service	Mainly 5 working days after the invoice date	Customer C is a private company engaged in IC design for industrial and consumer electronics, headquartered in China.
4	Customer D . . .	153,492	4.9	2023	Custom silicon solution service and IP licensing service	Mainly 30 working days after the invoice date	Customer D is a private technology company that designs and develops smartphones, smartphone accessories, software and online services, headquartered in China.
5	Customer E . . .	107,505	3.4	2025	Custom silicon solution service and IP licensing service	30 days after the invoice date	Customer E is a private Internet company engaged in cloud and industrial service, headquartered in China.

BUSINESS

For the year ended December 31, 2024

	Customer	Revenue <i>(in RMB thousands)</i>	Percentage of revenue %	Year of commencement of business relationship	Major services provided	Credit terms	Background
1	Customer A . . .	469,231	20.3	2018	Custom silicon solution service and IP licensing service	Mainly 90 days after the invoice date	Customer A is a US-listed multinational technology company, engaged in e-commerce, cloud computing, online advertising, digital streaming, and artificial AI, headquartered in the United States.
2	Customer F . . .	205,022	8.8	2022	Custom silicon solution service and IP licensing service	Mainly 7 days after the invoice date	Customer F is a private company engaged in IC chip design and related services, headquartered in China.
3	Customer B . . .	157,355	6.8	2023	Custom silicon solution service and IP licensing service	Mainly 30 days after the invoice date	Customer B is a private company engaged in the fields of electronic components and IC design, headquartered in China.
4	Customer G . . .	101,051	4.4	2023	Custom silicon solution service and IP licensing service	Mainly 30 days after the invoice date	Customer G is a company engaged in automotive technology, software, big data and charging services, headquartered in China. Customer G is a subsidiary of a dual-listed Company.
5	Customer D . . .	100,346	4.3	2023	Custom silicon solution service	Mainly 30 working days after the invoice date	Customer D is a private technology company that designs and develops smartphones, smartphone accessories, software and online services, headquartered in China.

BUSINESS

For the year ended December 31, 2023

	Customer	Revenue <i>(in RMB thousands)</i>	Percentage of revenue %	Year of commencement of business relationship	Major services provided	Credit terms	Background
1	Customer A . . .	535,081	23.0	2018	Custom silicon solution service and IP licensing service	Mainly 90 days after the invoice date	Customer A is a US-listed multinational technology company, engaged in e-commerce, cloud computing, online advertising, digital streaming, and artificial AI, headquartered in the United States.
2	Customer H . . .	270,160	11.6	2016	Custom silicon solution service and IP licensing service	Mainly 10% payable in advance and 90% payable within 10 days	Customer H is a company engaged in the R&D, production, sales and technical services of intelligent products in the fields of electric power and fire electronic alarm systems, headquartered in China. Its shares are listed in China.
3	Customer B . . .	125,416	5.4	2023	IP licensing service	Mainly 30 days after the invoice date	Customer B is a private company engaged in the fields of electronic components and the IC design, headquartered in China.
4	Customer I. . . .	78,433	3.4	2019	Custom silicon solution service and IP licensing service	Mainly open account 30 days	Customer I is an integrator, trade, distributor and supplier of technology solution, headquartered in Japan. Shares of its parent company are listed in Japan.
5	Customer J . . .	77,605	3.3	2012	Custom silicon solution service and IP licensing service	Mainly 60 days after the invoice date	Customer J is a company specializing in designing and manufacturing high-performance mixed-signal and microcontroller semiconductor products, headquartered in the United States. Customer J is a subsidiary of a US-listed Company.

Pricing

In determining the pricing of our solutions, we take into account factors such as the type of services involved, the level of market competition, the customer’s industry position, transaction scale and amount and whether the project involves leading technologies within its relevant niche segment. The final pricing is determined through negotiations with the customer.

BUSINESS

Arrangement with Our Customers

We typically enter into framework agreements with our major customers, with actual prices and volumes specified in individual purchase orders. The terms of these agreements vary depending on the specific service or project and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Price	:	Pricing of the services is generally specified in the respective purchase order or agreement
Scope of service	:	Scope of service is set forth in the respective agreement
Payment and credit terms	:	Payment is generally made in accordance with agreed payment schedules in accordance with the type of service.
Minimum purchase requirements	:	Our framework agreements generally do not contain minimum purchase requirements.
Confidentiality	:	These framework agreements usually have strict confidentiality provisions.
Termination and renewal	:	These framework agreements can be terminated with mutual agreement by parties.

SEASONALITY

Demand for and sales of our services are linked to the seasonality of their respective end products and markets. Revenue in the second half of each year is typically higher than the first half, largely reflecting increased demand from certain customers in connection with year-end holiday sales, in particular customers in the consumer electronics sector. For further details on risks associated with seasonality. See “Risk Factors – Our sales may be influenced by seasonality.”

BUSINESS

OPERATIONS AND SUPPLY CHAIN

Supply Chain and Procurement

We have established a comprehensive and stable procurement management process and use SAP, an enterprise resource planning system, as our primary tool to execute and manage our procurement activities. Our procurement model primarily consists of (i) a general procurement model and (ii) a customer order-driven procurement model.

Our general procurement model mainly applies to the purchase of standard software and hardware. The principal categories of items we procure under this model include EDA and design tools, verification tools, laboratory and test equipment, servers, and storage equipment.

Our customer order-driven procurement model mainly applies to our chip customization services. Based on our customers’ mass production chip orders, we procure wafers from foundries and packaging and testing services from packaging and testing service providers on an outsourced basis in order to complete the manufacturing of chips.

Our Suppliers

Our major suppliers primarily consist of wafer foundries, OSAT partners and IP/EDA suppliers. We have established and maintain stable and long-term relationships with these major suppliers.

Selection and Management of Suppliers

We have established and implemented a supplier selection and management framework. In selecting suppliers, we take into account a range of factors, including their industry position, technical capabilities, product and service quality, pricing and payment terms. We also adopt a foundry-neutral strategy, which allows us to manage our supply chain flexibly across multiple suppliers, diversify supply risks and enhance our overall resilience.

Major Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB656.7 million, RMB803.8 million and RMB1,297.6 million, respectively, accounting for 73.6%, 67.2% and 67.7% of our total purchases in these respective years. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB264.3 million, RMB213.8 million and RMB546.1 million, respectively, accounting for 29.6%, 17.9% and 28.5% of our total purchases in these respective years. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

BUSINESS

For the year ended December 31, 2025

	Supplier	Purchase amount (in RMB thousands)	Percentage of procurement %	Year of Commencement of business relationship	Type of purchase	Credit terms	Background
1	Supplier A	546,081	28.5	2020	Wafer	60 days after the invoice date	Supplier A is a private company, headquartered in China that engages in the distribution of electronic components and a distributor of Supplier F.
2	Supplier B	321,227	16.8	2011	Wafer	30 days after the invoice date	Supplier B is a US-listed multinational semiconductor manufacturing company, headquartered in the United States.
3	Supplier C	175,921	9.2	2007	Wafer	Mainly prepayment	Supplier C is a US-listed, global leading semiconductor manufacturing company, headquartered in Taiwan.
4	Supplier D	131,506	6.9	2006	Wafer	30 days after the invoice date	Supplier D is an A-Share-listed semiconductor manufacturing company, headquartered in China.
5	Supplier E	122,882	6.4	2025	IP/EDA	5 days after the invoice date	Supplier E is a private provider of chip design and IP solution, headquartered in Singapore.

BUSINESS

For the year ended December 31, 2024

	Supplier	Purchase amount (in RMB thousands)	Percentage of procurement %	Year of Commencement of business relationship	Type of Purchase	Credit terms	Background
1	Supplier B	213,777	17.9	2011	Wafer	30 days after the invoice date	Supplier B is a US-listed multinational semiconductor manufacturing company, headquartered in the United States.
2	Supplier D	165,396	13.8	2006	Wafer	30 days after the invoice date	Supplier D is an A-Share-listed semiconductor manufacturing company, headquartered in China.
3	Supplier A	149,293	12.5	2020	Wafer	60 days after the invoice date	Supplier A is a private company, headquartered in China that engages in the distribution of electronic components and a distributor of Supplier F.
4	Supplier F	139,482	11.7	2014	Wafer	60 days after the invoice date	Supplier F is a Korean-listed multinational manufacturer of consumer and industrial electronic equipment and products, headquartered in South Korea.
5	Supplier G	135,847	11.4	2003	IP/EDA	30 days after the invoice date	Supplier G is a US-listed global leading provider of EDA tools and semiconductor IP, headquartered in the United States.

BUSINESS

the year ended December 31, 2023

	Supplier	Purchase amount (in RMB thousands)	Percentage of procurement %	Year of Commencement of business relationship	Type of Purchase	Credit terms	Background
1	Supplier B	264,307	29.6	2011	Wafer	30 days after the invoice date	Supplier B is a US-listed multinational semiconductor manufacturing company, headquartered in the United States.
2	Supplier C	129,284	14.5	2006	Wafer	Mainly prepayment	Supplier C is a US-listed, global leading semiconductor manufacturing company, headquartered in Taiwan.
3	Supplier H	109,285	12.2	2011	Packaging and testing	30 days after the invoice date	Supplier H is an A-Share-listed multinational manufacturing company of semiconductor packaging and testing services, headquartered in China.
4	Supplier I	89,552	10.0	2020	IP/EDA	30 days after the invoice date	Supplier I is a UK-listed leading provider of high-speed interface semiconductor IP solution, headquartered in Canada.
5	Supplier A	64,310	7.2	2020	Wafer	60 days	Supplier A is a private company, headquartered in China that engages in the distribution of electronic components and a distributor of Supplier F.

BUSINESS

Arrangement with our Suppliers

Key Terms of Our Agreements with Suppliers

The terms of these agreements vary by service or project and may be affected by a range of factors, including, among others, the foundry’s available capacity, but generally include the following provisions:

Price	:	Pricing of the chips and testing are generally specified in purchase orders
Scope and specifications	:	The framework agreements typically set out the general scope and categories of products and services to be provided, while detailed specifications, quality requirements and delivery schedules are agreed in individual purchase orders or separate technical documents.
Quality	:	We generally require suppliers to comply with agreed quality standards and applicable industry norms. Suppliers are typically responsible for conducting necessary inspections and tests to ensure that their products and services meet contractual requirements.
Pricing and payment terms:	:	Pricing is usually determined based on product type, process or service scope and is specified in the relevant purchase orders or project agreements. Payment is generally made in accordance with agreed payment terms, which may take into account project milestones, delivery timing and credit arrangements.
Confidentiality	:	These framework agreements usually have strict confidentiality provisions.
Termination	:	These framework agreements are generally entered into for a fixed term and may be terminated by either party in accordance with the termination provisions agreed between the parties, including termination by mutual consent and termination upon the occurrence of specified events or breaches.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breaches by our suppliers.

Suppliers-Customers Overlap

Supplier F was one of our top five suppliers in 2024. Our procurement from Supplier F amounted to RMB139.5 million, accounting for 11.7% of our total procurement amount in the same year. Our revenue from Supplier F amounted to RMB1.8 million, accounting for 0.1% of our total revenue in the same year. We mostly purchased wafers from Supplier F while we provide IP licensing service to Supplier F.

Supplier D was one of our top five suppliers in 2023, 2024 and 2025. Our procurement from Supplier D amounted to RMB129.3 million, RMB165.4 million and RMB131.5 million, accounting for 14.5%, 13.8% and 6.9%, respectively. Our revenue from Supplier D amounted to RMB3.6 million, RMB3.0 million and RMB3.4 million, accounting for 0.2%, 0.1% and 0.1% in 2023, 2024 and 2025, respectively. We mostly purchased wafer from Supplier D while we receive IP royalties from Supplier D.

Save as disclosed above, none of our Group’s five largest suppliers in 2023, 2024 or 2025 were also our Group’s customers in the same year and none of our five largest customers in

BUSINESS

2023, 2024 and 2025 were also our suppliers in the same years, respectively. In addition, from a business perspective, the transactions that we entered into with the overlapping supplier-customers were on an arm’s length, mutually independent basis under normal commercial terms. Negotiations of the terms of our sales to and purchases from these overlapping supplier-customers were conducted on an individual basis, undertaken by different departments and entities both in our Group and in the overlapping supplier-customers, and the sales and purchases were neither inter-connected nor inter-conditional with each other.

For the overlapping supplier-customer, the key terms of our sales and supply agreements were substantially similar to those of our other customers/suppliers. According to CIC, it is consistent with industry practice for a company to have both sales to and purchases from the same or related customer/supplier.

Inventory Management

Our inventories mainly comprise work-in-progress and finished goods. Under our SiPaaS model, we do not sell chip products and generally do not hold substantial inventories of finished products for sale, which reduces our exposure to market and inventory risks compared with legacy fabless companies. We generally arrange procurement and outsourced production based on customers’ purchase orders and forecasts. Our operations team reviews inventory levels on a regular basis, taking into account customers’ project schedules and demand forecasts and adjusts our procurement and production plans accordingly. We also monitor inventory aging with a view to managing the risk of inventory obsolescence.

As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB278.6 million, RMB395.5 million and RMB498.0 million, and our inventory turnover days in 2023, 2024 and 2025 were 179 days, 195 days and 162 days.

Quality Control

We believe that quality is essential to our business operations and sustainable growth. We are committed to delivering services that meet the highest industry standards and exceed customer expectations. Our comprehensive quality control and quality assurance systems are integrated into every stage of our service process, ensuring consistent and reliable delivery of high-quality services.

We have established an ISO 9001-certified quality management system. We conduct regular internal audits and management reviews of our quality control systems to promptly identify and address potential issues, ensuring continuous improvement and refinement of our quality control systems.

INTELLECTUAL PROPERTY

As of December 31, 2025, our research and development efforts have produced 240 invention patents, three utility model patents, two design patents, 12 software copyrights, 151 registered trademarks, 273 registered IC layout-design rights. See “Appendix VI – Statutory and General Information – Further Information about the Business – Intellectual Property.”

We rely on a combination of intellectual property protection laws and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual property and trade secrets. 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 Business — We may not be able to adequately protect our IP rights, which could materially and adversely affect our business, financial condition, and results of operations.”

During the Track Record Period, we did not experience any material infringement of our intellectual property rights.

BUSINESS

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 data generated during or in connection with our business operations, including data related to our business and transactions with our customers, and suppliers. As our customers are brand companies rather than individuals, we only involve in personal information collection during our business operations in very limited circumstances and we do not actively process such personal information. In addition, we are not an operator of a critical information infrastructure recognized by the Cyberspace Administration of China, the MIIT or other relevant PRC governmental authorities.

We have established comprehensive internal policies in relation to network security and data compliance. Our data security policies have been certified under ISO 27001:2013. We emphasize the importance of information security to our employees through meetings and special trainings and ensure our employees have a good understanding of our information security management system.

We have established information technology department responsible for network data and information protection and we have appointed specific persons in charge of network security and of data security.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party’s right to data and privacy protection as provided by any applicable laws and regulations.

INFORMATION TECHNOLOGY

Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth.

The capabilities and the stability of our IT infrastructure are vital to our business operations. Our IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of our critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which resulted in a material adverse impact on our overall business operations.

PROPERTIES

As of December 31, 2025, we operated our business through three owned properties and 18 leased properties in China. We primarily use our owned and leased properties as our R&D centers, sales support centers and office premises.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

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Owned Properties

As of December 31, 2025, we owned three land use rights and 18 properties with a gross floor area of 30,016.1 sq.m. in Chinese mainland. We mainly use these properties as our R&D centers and sales support centers.

Leased Properties

As of December 31, 2025, we leased 29 properties, of which 18 properties with an aggregate gross floor area of 31,962.9 sq.m. were located in Chinese mainland, and eight properties were located in Hong Kong, the United States, France, Japan and Vietnam, mainly as our office premises.

EMPLOYEES

We believe that our long-term growth depends on the expertise, experience and development of our employees. As of December 31, 2025, we had 2,057 full-time employees. Substantially all of our employees were in China. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	As of December 31, 2025	
	Number	%
R&D	1,839	89.4
Management and Administration	156	7.6
Sales	36	1.8
Operations	26	1.3
Total	2,057	100.0

Our workforce comprises highly skilled workers and professionals, many of whom have extensive knowledge and experience in the semiconductor business. As of December 31, 2025, our employees in Chinese mainland with more than 10 years of work experience accounted for 25.0% of our workforce and our employees have an average age of approximately 32.

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees’ compensation is determined with reference to their job positions, technical skills, job performance and competition. We have various employee training programs that aim to enhance our employees’ technical skills and innovation capability.

Our Directors consider that our Group has maintained a good relationship with our employees. During the Track Record Period, there was no material dispute between our Group and our employees, and we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

COMPETITION

The markets for our services are highly competitive and are characterized by rapid technological change, evolving industry standards and changing customer requirements. Our customers and potential customers also seek to manage their overall cost of design and may consolidate their procurement with a limited number of vendors. We compete with other providers of semiconductor IP and design services, as well as with in-house engineering teams of semiconductor companies that develop IP or undertake design work internally. As the markets in which we operate continue to develop, we expect existing competitors to increase their investments and new market participants to emerge. See “Industry Overview” for details relating to our competitive landscape.

BUSINESS

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognitions we received during the Track Record Period and up to December 31, 2025.

No.	Year	Awards or Recognition
1	2024	China IC Design Achievement Award — “IP Company of the Year for Outstanding Industry Impact”
2	2024	China IC Design Achievement Award — “Outstanding IC Design Service Company of the Year”
3	2025	Nominee for National Intellectual Property Model Enterprise
4	2025	The Most Innovative Sci-Tech Innovation Board Listed Companies
5	2025	China IC Design Achievement Award — “IC Design Service Company of the Year for Outstanding Performance”

INSURANCE

We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage.

During the Track Record Period, we did not make, and were not the subject of, any insurance claims which are material to our business or financial condition.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See “Risk Factors” for a discussion of these risks.

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented or will adopt upon [REDACTED] a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct, (vi) anti-corruption and anti-bribery, (vii) export control compliance and (viii) compliance with the Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems. In particular, we have adopted anti-corruption and anti-bribery policies under which all employees are required to comply with applicable laws and internal guidelines, refrain from any conduct that may give rise to bribery or corruption risks and promptly report any actual or suspected violations through established reporting channels. We also provide regular anti-corruption training to employees.

BUSINESS

We have also implemented an export control internal compliance program to ensure compliance with applicable export control laws and regulations in the jurisdictions in which we operate. This program includes the classification of products under relevant regulations, assessment of end use and end users and screening of counterparties involved in each transaction.

In February 2026, we engaged an independent consulting firm to perform a general review over our internal controls. The key areas of inspection include financial reporting and disclosure, research and development management, management policies over sales, supply chain controls, trade receivables and payables management, and delivery control, inventory management, intangible assets management, human resource and remuneration management, capital management, tax management, insurance management, contract control and information system control.

LICENSES, PERMITS AND APPROVALS

We are required to obtain or maintain various licenses, permits and approvals in order to operate our business. We believe we have all material licenses, permits and approvals necessary 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.

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.

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

ENVIRONMENT, SOCIAL REponsibilities AND GOVERNANCE

We put high emphasis on environmental and social matters, and have incorporated measures to address these matters into daily operations. By benchmarking to ESG topics listed in the Environmental, Social and Governance Reporting Code, sector guidance of International Sustainability Disclosure Guide and ESG disclosure made by listed companies in our sector, we have identified ESG topics highly material to our Group, including corporate governance, supply chain management, climate strategy, product liability, and employee management, and we have formed relevant policies, management process or operating manual, and have been monitoring the implementation of these policies during daily operation to promote the sustainable development of our Group.

ESG Governance

We have established an ESG governance structure: a Strategy and ESG Committee that operates under the Board of Directors and a cross-departmental ESG Working Group has been formed within management.

BUSINESS

Our Strategy and ESG Committee is chaired by the Chairman, and members are our Directors. Committee’s responsibilities include:

- advise the Board on ESG objectives, strategies, targets and guidelines.
- supervise, review and assess our Group’s ESG implementation.
- review ESG reports and provide performance feedback to the Board.

Our ESG Working Group includes representatives from Board Office, HR & Admin, Legal, Finance, MarCom, Business Development (including Procurement and Quality Assurance), IT, IP Division, Custom Silicon Platform Division, Government Relations (including Intellectual Property). The responsibilities of the ESG Working Group include:

- track ESG laws, listing rules and policy updates.
- identify key stakeholders and respond to ESG concerns.
- conduct ESG risk assessment and management within functions.
- formulate ESG principles, strategies, materiality assessments and targets.
- evaluate and implement ESG policies, and report effectiveness to the ESG Committee.
- prepare external ESG disclosures and monitor major ESG risks.

Environmental

Use of Resources

In our owned or leased office spaces we incorporate energy conservation and emissions reduction, material consumption based on actual needs, and resource efficiency into all renovations and refurbishments. Notably, our office in Lingang in Shanghai’s Pudong district represents the underlying asset for the nation’s first green bond issuance backed by a green-certified building. We display energy-saving and water conservation posters throughout our offices to encourage eco-friendly workplace practices.

The following table sets forth our energy usage during the Track Record Period:

Metrics ⁽¹⁾	Unit	Year ended December 31,		
		2023	2024	2025
Purchased electricity	Kilowatt hour (kWh)	2,648,186.7	3,389,193.0	3,877,291.9
Natural gas	Cubic meter	12,712.7	5,003.8	11,836.9
Total comprehensive energy consumption (Note 1) . . .	Megawatt hour (MWh)	2,785.8	3,443.3	4,005.4
Comprehensive energy consumption intensity . . .	MWh/million revenue in RMB	1.2	1.5	1.3

Note:

- (1) Comprehensive energy consumption refers to the “General Rules for Calculation of Comprehensive Energy Consumption” (GB/T 2589-2020) issued by the State Administration for Market Regulation and the National Standardization Administration.

For water resource management, we deploy water-saving equipment, enhance the maintenance inspections of water fixtures, and promote conservation awareness to minimize waste and improve recycling efficiency. The consumption of water resources (including pollution discharge fees) of our Group in 2023, 2024 and 2025 was RMB42,000, RMB51,000 and RMB56,000, respectively. Given the consumption levels, the impact of water resources use on our finance and operation is relatively low.

BUSINESS

Waste management

Our waste includes end-of-life office electronics (e.g., computers, servers), hazardous waste (e.g., printer consumables), and non-hazardous waste (e.g., paper, plastics) from daily operations.

We strive for waste minimization and resource recovery through unified management of IT assets. This includes extending computer lifespans through upgrades and redistribution, repurposing servers, advancing paperless operations, establishing channels for idle item exchange, and setting up plastic bottle recycling points. Collected plastic bottles are regularly donated to partner organizations through the “Spring Rainfall Recycling Program.”

For hazardous waste, we ensure precise sorting and secure interim storage, conduct routine inspections of dedicated storage areas to eliminate environmental and safety risks, and entrust all hazardous waste to certified professional entities for compliant, eco-friendly disposal. In 2023, 2024 and 2025, the total disposal expenses of hazardous waste of our Group were less than RMB10,000, and thus hazardous waste has a relatively low impact on our Group’s finances and operations.

For non-hazardous waste, we continuously refine the classification and collection mechanisms to enhance the purity and value of recyclable materials. For recyclables such as cardboard boxes and plastics, we actively partner with recycling channels to boost recycling rates. The disposal expenses of non-hazardous waste of our Group were charged together with property service management fee in our financial reports, indicating that non-hazardous waste has no direct significant financial and operational impact on our Group.

Addressing climate change

Governance

In response to the challenge of global climate change, we proactively place climate change-related issues under the oversight of the Board of Directors. Concurrently, at the management level, our administration department oversees cross-departmental coordination and conducts regular assessments of climate-related risks. This approach is intended to ensure that all employees fully understand the current status and trends of these issues.

Strategy

Our Group actively pursues its “carbon peak and carbon neutrality” strategy in its daily operations. Through green office practices, energy-saving measures, environmental education programs, and the development of low-power chips, our Group promotes energy conservation and emissions reductions to contribute to global climate governance.

Risk Management

We proactively identify, assess, manage, and address climate change risks. For acute risks such as typhoons, earthquakes, extreme heat, and heavy rainfall, each local office has developed specific contingency plans, established dedicated emergency response teams, and conducted regular drills. This approach enhances our Group’s preparedness and resilience to unforeseen events.

Metrics and Targets

To oversee and manage environmental indicators more efficiently, we regularly collect and conduct in-depth analyzes of relevant data. This provides a scientific basis for decision-making in our environmental protection efforts. We have consistently monitored key indicators closely linked to climate risks, such as direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2).

BUSINESS

The following table sets forth our GHG emissions during the Track Record Period:

Metrics	Unit	Year ended December 31,		
		2023	2024	2025
Direct GHG emissions (Scope 1) ⁽¹⁾	Tons of CO2 equivalent	28.1	11.0	25.9
Indirect GHG emissions (Scope 2) ⁽²⁾	Tons of CO2 equivalent	1,510.3	1,932.9	2,057.3
Total GHG emissions	Tons of CO2 equivalent	1,538.3	1,943.8	2,083.2
GHG emissions intensity . . .	Kilogram CO2 equivalent/ revenue in million RMB	0.7	0.8	0.7

Notes:

- (1) Direct GHG emissions (Scope 1) factor comes from China Energy Statistical Yearbook and IPCC 2006.
- (2) Indirect GHG emissions (Scope 2) are calculated based on electricity consumption and emission factors, and the emission factors refer to the Notice of the Ministry of Ecology and Environment on Doing a Good Job in the Management of Greenhouse Gas Emission Reports of Power Generation Industry Enterprises from 2023 to 2025.

Society

Employment management and employee care

We are committed to ensuring fair and equitable treatment of all employees throughout recruitment and employment. We strictly prohibit discrimination based on nationality, race, ethnicity, gender, age, or any other factors. Furthermore, we forbid child labor, and oppose all forms of inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse. To reinforce our stance against sexual harassment, we have distributed dedicated handbooks to all employees. During the Track Record Period, no incidents of employee discrimination, child labor, or forced labor were reported within our Group.

To deepen employees’ sense of belonging and well-being, we conduct satisfaction surveys and implement a series of care and benefits initiatives. These include organizing family day events, summer camps, our anniversary celebrations, as well as hosting special gatherings such as the VeriSilicon Gala and Spring Festival Gala. Furthermore, our Group hosts diverse activities during important holidays such as Lantern Festival, Women’s Day, Father’s Day, Thanksgiving, and Dongzhi Festival to enrich our employees’ lives and foster stronger bonds.

Training and development

We consistently value the growth and skill development of our employees. To this end, we have established a comprehensive, career-long training system that integrates online and offline learning. This system encompasses a wide range of training activities designed to effectively onboard new employees, enhance general competencies and professional expertise, cultivate management capabilities, and reinforce our core cultural values. These initiatives significantly boost employees’ overall competency and professional skills while strengthening team cohesion and cultural identity.

BUSINESS

Health and safety

We prioritize our employees’ holistic well-being, connecting workplace safety with comprehensive health initiatives. Beyond creating a safe and healthy working environment, we actively promote physical and mental wellness. This approach includes providing annual health check-ups, comprehensive health insurance, mental health counseling services, strategically placed AEDs, and fully stocked first-aid kits. We also organize “Health Month” campaigns and conduct regular fire drills and first-aid training programs to continuously strengthen our employees’ sense of security and health awareness.

Supply chain management

We have strengthened our supply chain management to mitigate relevant risks. Key actions we have implemented include defining clear supplier selection criteria, enhancing supplier risk management and oversight, establishing regular communication mechanisms, and empowering suppliers to grow. Collectively, these initiatives foster a sustainable supply chain. Upholding our fab-neutral strategy, we have integrated mineral sourcing responsibility clauses into our *Supplier Selection Procedures*.

Integrity and anti-corruption

We strictly comply with relevant anti-corruption laws and regulations such as the *Civil Code of the People’s Republic of China* and the *Interim Provisions on Prohibition of Commercial Bribery*. Through our established *Code of Business Conduct for Employees*, we outline the core principles and rules governing employee conduct in both internal management and external business engagements. This framework helps ensure that all employees uphold business ethics and operate with integrity and fairness.

Corporate social responsibilities

Over the years, our Group has actively fulfilled its social responsibilities while driving its own business development. We proactively participate in public welfare activities in local communities. Key activities include joining Zhangjiang Science Hall Science Festival and hosting the Career Experience Summer Camp at Tianfu Software Park, fostering a harmonious relationship between our Group and our communities. Furthermore, through sustained efforts in educational assistance, we support disadvantaged groups, rural revitalization, and environmental protection, consistently demonstrating our commitment to corporate social responsibility.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into certain transactions with below party who is our connected person and the transactions will continue following the [REDACTED], thereby constituting continuing connected transaction of our Group under Chapter 14A of the Hong Kong Listing Rules:

Connected Person	Our Relationship with Such Connected Person
Hunan More Than Moore Advanced Semiconductor Co., Ltd. (湖南越摩先進半導體有限公司, “MTM”)	Mr. Chen Xiaofei, our non-executive Director, was interested in a total of 51.83% voting rights of MTM ¹ . As such, MTM is an associate of Mr. Chen Xiaofei and therefore our connected person under Rule 14A.12(1)(c) of the Hong Kong Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

MTM Chip Packaging and Testing Procurement Framework Agreement

On [●], our Company entered into a chip packaging and testing procurement framework agreement with MTM (the “**MTM Chip Packaging and Testing Procurement Framework Agreement**”), with a term commencing from the [REDACTED] to December 31, 2028 which may be renewed for a further term not exceeding three years from time to time, as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Principal Terms

The Group agrees to engage MTM to provide the chip packaging and testing services according to our specific product requirements, in the ordinary and usual course of business and on prices and terms no less favorable than those available from the Independent Third Parties.

Both parties will enter into specific procurement agreements, setting out the detailed terms and conditions based on the principles provided in the MTM Chip Packaging and Testing Procurement Framework Agreement.

Pricing Basis

Pursuant to the MTM Chip Packaging and Testing Procurement Framework Agreement, the prices for the chip packaging and testing services shall be determined after arm’s length negotiations with reference to the historical and market transaction price, taking into account various factors including but not limited to the type of services (including the specification, model and quality of the chip packaging and testing services), transaction volume and the prices for the procurement of services of similar nature, type and quantity by our Group from Independent Third Parties in the market, as well as the actual cost incurred in the provision of the services. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

Note:

- As of the Latest Practicable Date, MTM was held as to (i) 40.94% by Zhuzhou More Than Moore Venture Capital Partnership (Limited Partnership) (株洲超越摩爾創業投資合夥企業(有限合夥)), the general partner of which was Jinggangshan Xingcheng Investment Partnership (Limited Partnership) (井岡山興橙投資合夥企業(有限合夥)), with Mr. Chen Xiaofei serving as its executive partner; and (ii) 10.89% by Zhuzhou Ningcheng Venture Capital Partnership (Limited Partnership) (株洲甯橙創業投資合夥企業(有限合夥)), the general partner of which was Gongqingcheng Xingcheng Investment Partnership (Limited Partnership) (共青城興橙投資合夥企業(有限合夥)), with Mr. Chen Xiaofei serving as its executive partner. As such, Mr. Chen Xiaofei was interested in a total of 51.83% voting rights of MTM.

CONNECTED TRANSACTIONS

Reasons and Benefits for the Transactions

MTM is a specialized manufacturer with service capabilities for the design and manufacturing of advanced packaging products, focusing on high-performance and high-density chip packaging products. We outsource chip packaging and testing activities for mass production to third-party business partners. We procured the chip packaging and testing services from MTM mainly taking into account their on-time delivery, reliable production capacity, and high-quality services. In our ordinary and usual business, our Group has been procuring the chip packaging and testing services from MTM from time to time, which enables them to be familiar with our business needs, quality standards and operational requirements. Our Group has a long-term and stable business cooperation with MTM. Our Directors believe that maintaining a stable and quality business relationship with MTM will facilitate our business growth.

Historical Figures, Annual Caps and Basis

	Historical Amount			Annual Caps		
	For the year ended December 31,			For the year ending December 31,		
	2023	2024	2025	2026	2027	2028
	(in RMB thousand)					
Transaction						
Amount	1,436	18,191	6,643	20,000	20,000	20,000

In arriving at the above annual caps, the Directors have considered, among other things, the following factors: (i) historical transaction amounts between the Group and MTM during the Track Record Period in respect of our procurement of chip packaging and testing services; (ii) the expected amount of procurement of the chip packaging and testing services by our Group from MTM to meet the needs of our future business development; and (iii) the progress of the manufacturing plan of the clients of our Group.

Listing Rule Implications

As at the Latest Practicable Date, Mr. Chen Xiaofei, our non-executive Director, was interested in a total of 51.83% voting rights of MTM. As such, MTM is an associate of Mr. Chen Xiaofei and therefore our connected person under Rule 14A.12(1)(c) of the Hong Kong Listing Rules. As the highest applicable percentage ratios in respect of the proposed annual caps of the transactions contemplated under the MTM Chip Packaging and Testing Procurement Framework Agreement are expected to exceed 0.1% but will be lower than 5%, the MTM Chip Packaging and Testing Procurement Framework Agreement and transactions contemplated thereunder will be exempt from the independent shareholders’ approval requirement pursuant to Rule 14A.76(2)(a) of the Listing Rules, but will be subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

MEASURES TO SAFEGUARD THE INTERESTS OF OUR SHAREHOLDERS

To safeguard the interests of the Company and Shareholders as a whole, including the minority Shareholders, the Company has put in place certain internal approval and monitoring procedures relating to the proposed connected transactions contemplated under the agreements mentioned above, which include the following:

- we have formulated internal guidelines including the Administrative Measures for Related Transactions in accordance with the applicable listing rules and regulations, which provide approval procedures for connected transactions based on their nature and transaction amounts;
- the Company shall conduct market analysis on specific animation production services and making pricing proposal to our senior management after considering

CONNECTED TRANSACTIONS

a number of factors as they consider necessary, including but not limited to service cost, profit margin and market pricing;

- the independent non-executive Directors and auditors will conduct annual review of the partially exempt continuing connected transactions mentioned above and provide annual confirmations in accordance with the Listing Rules that the partially exempt continuing connected transactions are conducted in accordance with terms of the relevant agreements, on normal commercial terms or better and in accordance with the pricing policy and do not exceed the proposed applicable annual caps;
- in respect of the connected transactions not governed by the existing framework agreements (if any), the relevant operating entities shall communicate with the headquarters in advance and provide necessary documents to facilitate related decision-making and disclosure process; and
- additional approvals are required for transactions exceeding the proposed annual caps (if applicable).

WAIVER APPLICATION FOR PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

As the continuing connected transaction is expected to continue on a recurring and continuing basis and has been fully disclosed in the document and will be disclosed in the annual reports of the Company on an on-going basis, the Company considers that strict compliance with the announcement requirement would be impractical, unduly burdensome and would impose unnecessary administrative cost upon the Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement and/or independent shareholders' approval requirements in respect of the above continuing connected transaction.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transaction as set out above has been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (ii) the proposed annual caps for the transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the documentation and data provided by the Company, the confirmations from the Company and the Directors and participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that the continuing connected transaction as set out above has been or will be entered into in the ordinary and usual course of business of the Company on normal commercial terms or better which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and the proposed annual caps for the continuing connected transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants’ Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Forward-Looking Statements” and elsewhere in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refer to the fiscal years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a leading public company that provides custom silicon solutions, leveraging our comprehensive, proprietary portfolio of semiconductor IPs. Founded in 2001 and headquartered in Shanghai, we operate on a unique “Silicon Platform as a Service” (“SiPaaS”) business model, offering custom silicon solution service and semiconductor IP licensing service. We are well-positioned as one of the most important ecosystem player at the intersection of semiconductor IP, design service, and industry collaboration, enabling customers across the globe to innovate efficiently in the era of AI.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the overall performance of the industry in which we operate. These factors include macroeconomic trends, industry development and the market’s competitive landscape.

In addition to these general factors, our results of operations are affected by the following specific factors:

Development of end products across cloud AI and edge AI

Our services are designed to support a wide range of applications across numerous end markets, and the development of these end products play a critical role in shaping our business and financial performance. As AI becomes pervasive, our foundational SiPaaS model naturally extends into AI-specific platforms — which we refer to as AiPaaS — to address the evolving needs of these markets. We are strategically positioned to capture the cloud AI and emerging edge AI opportunities across multiple high-growth application domains. To achieve superior energy efficiency and lower latency than general-purpose processors, system vendors worldwide are increasingly pivoting to proprietary AI-ASICs. Our ability to provide high-quality services to these emerging markets and end products will directly impact our result of operation.

- **Cloud AI:** the shift toward structured tensor and matrix operations has made data movement the primary bottleneck. To address this, we provide a competitive portfolio of high-performance and power-efficient GPU and GPGPU services.
- **Edge AI:** we address the critical need for power-efficient, on-device processing across a diverse range of applications. We provide a portfolio of IPs and custom silicon solutions that enable advanced visual processing, spatial computing, and functional-safety in devices from AI smartphones and AI/AR glasses to intelligent vehicles and robotics. Our technical capabilities are validated by the mass-production deployment of our IP in flagship mobile devices and our successful delivery of custom automotive-grade SoCs for leading manufacturers.

FINANCIAL INFORMATION

Mix of services offerings

We generate revenue primarily from offering (i) custom silicon solution service (including design service and turnkey service) and (ii) semiconductor IP licensing service (comprising IP licensing and IP royalties). The margin profiles of our different services vary due to factors such as the complexity of the IP or design, the R&D investment required, the scope of mass production management, and market demand for specific technologies. The relative contribution of these services will affect our profit margin and results of operations.

Our semiconductor IP licensing service carries higher gross margin than our custom silicon solution service. This is the result of the different cost structures inherent to each business line. The substantial costs required to create our IP portfolio are incurred upfront and recognized as R&D expenses, which are recorded as operating expenses. Once an IP is developed, the direct, incremental cost of delivering it to a customer (the cost of sales) is minimal. For IP royalties revenue, there is no direct cost of sales, resulting in a gross margin of 100.0%.

Our custom silicon solution service, particularly our turnkey service, involves significant and direct costs for every unit produced — such as payments for wafer fabrication and OSAT services — which are recorded as cost of sales and therefore result in a lower gross margin. Despite the cost structure of our customer silicon services, we are able to manage growing mass production volumes with a relatively fixed scale of turnkey service management team. The substantial R&D expenses associated with a chip’s design are primarily incurred as operating expenses during the initial design service phase. Once a chip transitions to the mass production stage, we can generate significant, high-volume revenue without a corresponding increase in R&D expenses for that specific project. Therefore, a significant portion of the absolute gross profit dollars generated from our turnkey services contributes directly to our operating profit and, ultimately, our net profit, demonstrating how our profitability is designed to scale effectively as our clients’ production volumes increase.

While our overall gross margin may fluctuate depending on the revenue mix between our business lines, we do not believe it is the sole indicator of our underlying profitability. We view bottom line, rather than gross profit, as the more representative indicator of our operating results.

Our operating efficiency

Our operating expenses, which include R&D expenses, administrative expenses, and selling and marketing expenses, play an important role in determining our profitability and overall financial performance.

R&D is at the core of our business strategy, enabling us to sustain growth and maintain a competitive edge by addressing the evolving needs of downstream markets. Correspondingly, our R&D expenses represented the largest component of our operating expenses during the Track Record Period. Our R&D expenses amounted to RMB947.2 million, RMB1,247.3 million and RMB1,312.7 million in 2023, 2024 and 2025, respectively, representing 40.7%, 53.8% and 41.7% of our total revenue in the respective years. As our revenue growth accelerates, we expect economies of scale to further enhance our operating efficiency as our operating expenses, particularly our front-loaded R&D investments, are spread over a larger revenue base.

We have built a high-quality and cost-efficient talent pool over many years by focusing on campus recruitment of fresh graduates and internal training and maintaining low voluntary attrition rates, thanks to our leading position in the industry, strong brand value and corporate culture. This allows us to effectively manage our employee costs as our business grows. In addition, our ability to leverage artificial intelligence and the latest technologies helps to increase the overall productivity and utilization rate of our R&D team, leading to further improvements in our operating efficiency.

FINANCIAL INFORMATION

Our ability to navigate industry cycles

The semiconductor industry is inherently cyclical, typically moving through recurring phases of expansion, peak, downturn, and recovery, driven by various factors such as macroeconomic conditions, capital expenditure trends, technological advancements, inventory adjustments, and shifts in end-market demand and supply dynamics.

Our business model is less prone to the volatility of semiconductor industry cycles, as we focus on providing services rather than manufacturing and selling products. As a result, we minimize exposure to inventory risk and market risk and are generally not subject to cyclical fluctuations in product pricing or destocking pressures. Furthermore, our IPs and design service can be widely deployed across diverse end markets. This broad, cross-industry and cross-scenario application means that we can reduce exposure to volatility in any single sector.

Crucially, our SiPaaS model demonstrates strong counter-cyclical resilience. In line with our “design-lite” model, during industry downturns, traditional chip companies increasingly outsource design work and production management and make greater use of third-party IPs due to their own budget constraints. In addition, industry downturns present strategic windows for us to invest in and acquire IP assets at attractive prices. Supported by our SiPaaS model, we are well-positioned to not only navigate industry cycles but also to capitalize on them to strengthen our market position and accelerate our growth.

Supply chain management

As a custom silicon solution service provider, particularly for our turnkey service, we manage and coordinate the outsourced manufacturing processes for our customers’ semiconductor products. This involves engaging third-party wafer foundries for fabrication and OSAT partners for packaging and testing. Establishing and maintaining strong, long-term partnerships with these key production partners is essential to ensuring stable capacity allocation and fostering close collaboration for our customers’ production needs. During periods of high industry demand, our ability to secure capacity and effectively schedule production for our customers is particularly vital for meeting their product timelines.

Our SiPaaS business model largely insulates us from the end-market sales risks, inventory holding costs and extensive end-user support overhead that are typically borne by traditional chip companies (including fabless companies and IDMs). Furthermore, we are foundry- and OSAT-neutral, which enables collaboration with all major global foundries and OSAT partners rather than being constrained by any single partner’s roadmap. This flexibility helps us to meet diverse customer needs across different technologies and verticals. Effective coordination with our production partners allows us to optimize production processes for our customers, leading to improved time-to-market for their products. Through strategic supply chain management, we strive to balance production flexibility with cost efficiency, ensuring our ability to facilitate customer demands and capitalize on growth opportunities in the competitive semiconductor market.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the IFRSs. All IFRSs that are effective for the accounting period beginning on January 1, 2023, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 4 to “Appendix I — Accountants’ Report” to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

FINANCIAL INFORMATION

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. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See note 5 to “Appendix I — Accountants’ Report.”

RESULTS OF OPERATIONS

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Revenue	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0
Cost of sales	(1,289,294)	(55.4)	(1,392,953)	(60.1)	(2,074,688)	(65.9)
Gross profit	1,039,659	44.6	924,023	39.9	1,073,715	34.1
Other income	66,859	2.9	61,380	2.6	63,997	2.0
Other gains and losses . .	(405)	(0.0)	19,586	0.8	12,239	0.4
Research and development (“R&D”) expenses	(947,223)	(40.7)	(1,247,302)	(53.8)	(1,312,692)	(41.7)
Administrative expenses .	(121,771)	(5.2)	(125,381)	(5.4)	(147,006)	(4.7)
Selling and marketing expenses	(114,853)	(4.9)	(119,983)	(5.2)	(127,208)	(4.0)
Other expense	(10,079)	(0.4)	(8,727)	(0.4)	(7,929)	(0.3)
Impairment losses under expected credit loss (“ECL”) model, net reversal	(125,475)	(5.4)	(43,627)	(1.9)	(27,144)	(0.9)
Share of results of associates	(32,757)	(1.4)	(5,686)	(0.2)	113	0.0
Finance costs	(23,179)	(1.0)	(36,166)	(1.6)	(41,355)	(1.3)
Loss before tax	(269,224)	(11.5)	(581,883)	(25.2)	(513,270)	(16.4)
Income tax expenses . . .	(27,243)	(1.2)	(18,996)	(0.8)	(14,543)	(0.5)
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use certain non-IFRS measures, including adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with, the IFRS. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they are aligned with how our management evaluates our operating performance and formulates business plans. However, our adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for analysis of, our results of operations or financial position as reported under the IFRS.

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Adjusted loss for the year (a non-IFRS measure) is defined as loss for the year, as adjusted to add back the effect of share-based compensation. Adjusted EBITDA (a non-IFRS measure) is defined as loss for the year, as adjusted to add back the effects of (i) share-based compensation; (ii) interest expenses; (iii) depreciation & amortization; and (iv) income tax expenses.

The following table sets forth the reconciliations of adjusted loss for the year (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) from the IFRS measure loss for the year in absolute amount and as percentage of revenue.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Adjusted loss for the year						
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)
Adjusted for:						
Share-based compensation	3,605	0.2	7,290	0.3	41,613	1.3
Adjusted loss for the year	(292,862)	(12.5)	(593,589)	(25.7)	(486,200)	(15.6)
Adjusted EBITDA						
Loss for the year	(296,467)	(12.7)	(600,879)	(26.0)	(527,813)	(16.9)
Adjusted for:						
Share-based compensation	3,605	0.2	7,290	0.3	41,613	1.3
Interest expenses	23,179	1.0	36,166	1.6	41,355	1.3
Depreciation & amortization	185,989	8.0	239,841	10.4	266,350	8.5
Income tax expenses	27,243	1.2	18,996	0.8	14,543	0.5
Adjusted EBITDA	(56,451)	(2.3)	(298,586)	(12.9)	(163,952)	(5.3)

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PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

We offer custom silicon solution service and semiconductor IP licensing service. Under our custom silicon solution service, we undertake all or part of the process from chip design to mass production and provide related software design services. Leveraging our semiconductor IP resources and chip R&D capabilities, we provide customers with customized chip solutions that help reduce design risks, shorten design cycles and accelerate time-to-market. The semiconductor IPs used in our custom silicon solution service can also be licensed to customers on a standalone basis under our semiconductor IP licensing service. Under our custom silicon solution service, we categorize our offerings into (i) design service and (ii) turnkey service.

We provide semiconductor IP licensing service by licensing our IPs to customers on a standalone basis, either as individual IPs or as IP platforms. Under our semiconductor IP licensing service, we license to customers: processor IPs, including GPU IP, NPU IP, VPU IP, DSP IP, ISP IP and Display Processing IP; analog & mixed-signal IPs (including RF IPs and interface IPs); IP subsystems and IP platforms and customized IPs. We also continuously collect IP royalties based on the volume of shipped chips integrating our IPs, forming a scalable revenue stream that grows alongside our customers’ success.

By Service

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Custom silicon solution service						
Design service	492,470	21.1	724,794	31.2	876,558	27.9
Turnkey service	1,071,416	46.0	856,214	37.0	1,489,681	47.3
Subtotal	1,563,886	67.1	1,581,008	68.2	2,366,239	75.2
Semiconductor IP licensing service						
IP licensing	655,375	28.2	632,859	27.3	671,253	21.3
IP royalties	109,692	4.7	103,109	4.5	110,911	3.5
Subtotal	765,067	32.9	735,968	31.8	782,164	24.8
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

By End Application

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Data processing	314,718	13.5	552,201	23.8	1,078,735	34.3
Consumer electronics . . .	513,007	22.0	484,939	20.9	676,157	21.5
IoT	961,432	41.3	642,553	27.7	659,092	20.9
Computers and peripherals	197,413	8.5	323,891	14.0	308,406	9.8
Industrial	185,718	8.0	98,254	4.3	216,705	6.9
Automotive electronics . .	156,665	6.7	215,138	9.3	209,308	6.6
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

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	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
AI	1,007,075	43.2	1,295,363	55.9	2,030,989	64.5
Non-AI	1,321,878	56.8	1,021,613	44.1	1,117,414	35.5
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

By Geographical Location

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Chinese Mainland	1,797,683	77.2	1,447,858	62.5	2,123,396	67.4
Outside of Chinese mainland ⁽¹⁾	531,270	22.8	869,118	37.5	1,025,007	32.6
Total	2,328,953	100.0	2,316,976	100.0	3,148,403	100.0

Note:

(1) Mainly including North America and Europe.

During the Track Record Period, we derived the majority of our revenue from the Chinese mainland. The geographical breakdown of our revenue is presented based on our customers’ place of incorporation.

During the Track Record Period, revenue from outside of the Chinese mainland continued to increase, primarily driven by the growth of our custom silicon solution service. We expect that revenue contribution from overseas markets will sustain its growth going forward, as we continue to expand our international customer base and strengthen our presence in key global markets.

Cost of Sales

Our cost of sales primarily consists of costs incurred in delivering our services. The principal components are as follows:

- **direct materials:** the costs of materials and third-party services directly incorporated into our services. It primarily consists of (i) the costs of wafers procured from foundries and the associated costs of packaging and testing services provided by our OSAT partners for our turnkey service, and (ii) the licensing fees we pay to third-party IP providers when we incorporate external IP into the custom silicon solution service we deliver.

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- **direct labor:** the costs directly attributable to the personnel engaged in delivering our services. It primarily includes the employee compensation and benefits for engineering teams involved in design service and other technical support activities for specific customer projects.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Direct materials	974,771	75.6	1,076,608	77.3	1,703,456	82.1
Direct labor	262,320	20.3	263,072	18.9	299,497	14.4
Others ⁽¹⁾	44,554	3.5	47,917	3.4	63,895	3.1
Inventory provision included in cost of sales	3,548	0.3	1,747	0.1	3,451	0.2
Surcharge and other tax included in cost of sales	4,101	0.3	3,609	0.3	4,389	0.2
Total	1,289,294	100.0	1,392,953	100.0	2,074,688	100.0
<i>as % of total revenue . . .</i>		<i>55.4</i>		<i>60.1</i>		<i>65.9</i>

Note:

- (1) Mainly including other miscellaneous production-related overhead.

Gross Profit and Gross Margin

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin ⁽¹⁾	Gross profit	Gross margin ⁽¹⁾	Gross profit	Gross margin ⁽¹⁾
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Custom silicon solution service						
Design service	70,720	14.4	93,298	12.9	124,652	14.2
Turnkey service	293,939	27.4	165,209	19.3	270,248	18.1
Subtotal	364,659	23.3	258,507	16.4	394,900	16.7
Semiconductor IP licensing service						
IP licensing	572,957	87.4	567,763	89.7	575,744	85.8
IP royalties	109,692	100.0	103,109	100.0	110,911	100.0
Subtotal	682,649	89.2	670,872	91.2	686,655	87.8
Inventory provision included in cost of sales	(3,548)		(1,747)		(3,451)	
Surcharge and other tax included in cost of sales	(4,101)		(3,609)		(4,389)	
Total/average	1,039,659	44.6	924,023	39.9	1,073,715	34.1

Note:

- (1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

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Other Income

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Interest income from						
bank deposits	11,886	17.8	15,827	25.8	11,238	17.6
Government grants	36,968	55.3	33,725	54.9	33,705	52.7
Rental income	9,043	13.5	4,910	8.0	4,042	6.3
Input VAT additional deduction	8,962	13.4	6,918	11.3	15,012	23.5
Total	66,859	100.0	61,380	100.0	63,997	100.0
<i>as % of total revenue . . .</i>		2.9		2.6		2.0

Other Gains and Losses

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands, except for percentages)</i>		
Gains/(losses) from changes in fair value of FVTPL	(20,545)	(366)	32,898
Net foreign exchange gains/(losses) . . .	16,481	13,573	(22,518)
Investment income from unlisted financial products at FVTPL	2,246	5,157	8,479
(Losses)/gains on disposal of property and equipment	(80)	1	4
Accrual of late tax payment charges . .	—	—	(7,539)
Others	1,493	1,221	915
Total	(405)	19,586	12,239
<i>as % of total revenue</i>	<i>(0.0)</i>	<i>0.8</i>	<i>0.4</i>

Research and Development Expenses

Our R&D expenses primarily comprise (i) staff costs, representing salaries, wages, and benefits for our R&D personnel, reflecting our continued investment in expanding, cultivating and retaining a strong, high-quality personnel base; this allows us to support our technology development and efficiently deploy our resources as new projects arise, which helps improve long-term operating efficiency; (ii) depreciation and amortization, including depreciation of R&D equipment and amortization of intangible assets related to research and development activities; (iii) testing and services, which are costs incurred for external testing, research services, and other third-party services directly supporting R&D projects; (iv) share-based payment, representing non-cash compensation expenses related to equity instruments granted to R&D employees; and (v) others, encompassing various other miscellaneous expenditures essential for R&D operations.

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	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Staff costs	711,481	75.1	893,999	71.7	937,624	71.4
Depreciation and amortization ⁽¹⁾	125,540	13.3	170,132	13.6	192,923	14.7
Testing and services	20,863	2.2	69,468	5.6	61,600	4.6
Share-based payment	4,322	0.5	4,366	0.4	18,503	1.4
Others	85,017	8.9	109,338	8.9	102,643	7.9
Total	947,223	100.0	1,247,302	100.0	1,312,692	100.0
<i>as % of total revenue</i>		<i>40.7</i>		<i>53.8</i>		<i>41.7</i>

Note:

(1) Excluding depreciation of right-of-use assets.

Administrative Expenses

Our administrative expenses are primarily composed of (i) staff costs, including salaries, wages, and benefits for our general administrative personnel; (ii) professional service fees, encompassing fees for legal, audit, tax advisory, and other consulting services; (iii) share-based payment, representing non-cash compensation expenses related to equity instruments granted to administrative staff; (iv) office expenses, covering costs such as office rent, utilities, supplies, and general maintenance; and (v) others, including various other general and administrative expenditures (e.g., travel expenses, rental expenses, depreciation and amortization, amortization of right-of-use assets, tax and surcharges, bank charges).

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Staff costs	82,712	67.9	82,744	66.0	92,813	63.1
Professional service fees	19,211	15.8	17,747	14.2	18,728	12.7
Share-based payment	(499)	(0.4)	1,852	1.5	13,250	9.0
Office expenses	8,903	7.3	10,424	8.3	11,337	7.7
Others	11,444	9.4	12,614	10.1	10,878	7.4
Total	121,771	100.0	125,381	100.0	147,006	100.0
<i>as % of total revenue</i>		<i>5.2</i>		<i>5.4</i>		<i>4.7</i>

Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) staff costs, covering salaries, wages, and benefits for our sales and marketing teams; (ii) conference and marketing expenses, which are expenses associated with attending and organizing conferences, advertising campaigns, promotional activities, and other brand-building initiatives; (iii) service fees, being fees paid to external consultants, agencies, and other professionals for services supporting sales and marketing efforts; (iv) share-based payment, representing non-cash compensation expenses related to equity instruments granted to sales and marketing employees; and (v) others, consisting of miscellaneous selling and marketing expenditures (such as travel expenses, short-term lease expense, office expenses, depreciation and amortization, amortization of right-of-use assets).

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	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Staff costs	80,287	69.9	83,531	69.6	86,305	67.8
Conference and marketing expenses . . .	14,797	12.9	17,142	14.3	16,828	13.2
Service fees	5,400	4.7	5,220	4.4	7,678	6.0
Share-based payment . . .	(871)	(0.8)	121	0.1	3,529	2.8
Others	15,240	13.3	13,969	11.6	12,868	10.2
Total	114,853	100.0	119,983	100.0	127,208	100.0
<i>as % of total revenue . . .</i>		<i>4.9</i>		<i>5.2</i>		<i>4.0</i>

Finance Costs

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Interest expenses on borrowings	17,114	73.8	27,591	76.3	34,380	83.1
Interest expenses on long-term payables . .	4,164	18.0	5,485	15.2	4,476	10.8
Interest expenses on lease liabilities	1,901	8.2	3,090	8.5	2,499	6.0
Total	23,179	100.0	36,166	100.0	41,355	100.0
<i>as % of total revenue</i>		<i>1.0</i>		<i>1.6</i>		<i>1.3</i>

Impairment Losses under ECL Model, Net of Reversal

Our impairment of financial assets under ECL model, net of reversal represents our net impairment losses recognized on trade receivables, notes receivables, other receivables and contract assets. In 2023, 2024 and 2025, our impairment of losses under ECL model, net reversal, amounted to RMB125.5 million, RMB43.6 million and RMB27.1 million, representing 5.4%, 1.9% and 0.9% of our total revenue, respectively.

Income Tax Expense

In 2023, 2024 and 2025, we recorded income tax expense of RMB27.2 million, RMB19.0 million and RMB14.5 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we fulfilled all our tax obligations and did not have any unresolved tax disputes. For the statutory tax rate and preferential income tax rates applicable to our Company and our subsidiaries, see Note 12 to “Appendix I — Accountants’ Report” in this document.

Loss for the Year

As a result of the foregoing, our loss for the year amounted to RMB296.5 million, RMB600.9 million and RMB527.8 million in 2023, 2024 and 2025, respectively. Our adjusted loss for the year (non-IFRS measure) amounted to RMB292.9 million, RMB593.6 million and RMB486.2 million in 2023, 2024 and 2025, respectively. Our adjusted EBITDA loss (non-IFRS measure) amounted to RMB56.5 million, RMB298.6 million and RMB164.0 million in 2023, 2024 and 2025, respectively. See “— Non-IFRS Measures.”

FINANCIAL INFORMATION

YEAR-ON-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared to Year ended December 31, 2024

	Year ended December 31,		% Change
	2024	2025	
	<i>(in RMB thousands, except for percentages)</i>		
Custom silicon solution services			
Design service	724,794	876,558	20.9
Turnkey service	856,214	1,489,681	74.0
Subtotal.	1,581,008	2,366,239	49.7
IP licensing service			
IP licensing	632,859	671,253	6.1
IP royalties	103,109	110,911	7.6
Subtotal.	735,968	782,164	6.3
Total.	2,316,976	3,148,403	35.9

Revenue

Our revenue increased by 35.9% from RMB2,317.0 million in 2024 to RMB3,148.4 million in 2025. This growth was primarily driven by a substantial increase in our custom silicon solution service, particularly a strong rebound in turnkey service, complemented by steady growth in our design service and semiconductor IP licensing service.

Our technical capabilities and leading market position are reflected in our strong booking growth. Our new bookings in 2025 grew by 103.4% year-over-year to nearly RMB6.0 billion.

Custom Silicon Solution Service

Our revenue from custom silicon solution service increased by 49.7% from RMB1,581.0 million in 2024 to RMB2,366.2 million in 2025, primarily due to a significant increase in revenue from our turnkey service.

Design Service

Our revenue from design service increased by 20.9% from RMB724.8 million in 2024 to RMB876.6 million in 2025. This increase was primarily driven by revenue recognition based on the progress of our ongoing design projects during the year, as more projects advanced into later execution stages. In addition, there was stronger customer demand for our design service focusing on advanced process node, with the number of design projects in execution increasing from 85 as of December 31, 2024 to 104 as of December 31, 2025. In 2025, 94.3% of our design service revenue derived from 28nm to 4nm process nodes, 78.2% from 14nm to 4nm process nodes, and 69.4% from 7nm to 4nm process nodes in 2025 respectively, as compared to 96.5%, 85.0% and 58.2% in 2024, respectively and AI-related projects accounted for 73.0% of this sector’s revenue.

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Turnkey Service

Our revenue from turnkey service increased by 74.0% from RMB856.2 million in 2024 to RMB1,489.7 million in 2025. This growth was primarily due to the strong execution and delivery of the significant volume of new bookings secured in 2024. As the semiconductor industry recovered from the destocking cycle, our customers ramped up mass production. In 2025, we provided turnkey service for 114 chip projects, increased from 98 chip projects in 2024, and new bookings for our turnkey service grew by 194.3% year-over-year, indicating a strong pipeline for future revenue.

Semiconductor IP Licensing Service

Our revenue from semiconductor IP licensing service increased by 6.3% from RMB736.0 million in 2024 to RMB782.2 million in 2025, attributable to growth in both IP licensing and IP royalties, with particularly strong demand from consumer electronics sector.

IP Licensing

Our revenue from IP licensing increased by 6.1% from RMB632.9 million in 2024 to RMB671.3 million in 2025. This increase was primarily due to continued demand for our advanced IP portfolio, particularly our GPU, NPU, and VPU IPs. This growth reflects our success in attracting new customers, with 19 new customers added for our IP licensing service during the year.

IP Royalties

Our revenue from IP royalties increased by 7.6% from RMB103.1 million in 2024 to RMB110.9 million in 2025. This growth was primarily attributable to the ramp-up in shipments of customers’ end products that incorporate our IP, such as our NPU IP which has been integrated into nearly 200 million AI chips shipped globally, reflecting the commercial success of chips designed in prior year and the recovery in the broader market.

Cost of Sales

	Year ended December 31,		
	2024	2025	% change
	RMB	RMB	
	(in thousands, except for percentages)		
Direct materials	1,076,608	1,703,456	58.2
Direct labor	263,072	299,497	13.8
Others	47,917	63,895	33.3
Inventory provision included			
in cost of sales.	1,747	3,451	97.5
Surcharge and other tax included			
in cost of sales.	3,609	4,389	21.6
Total	1,392,953	2,074,688	48.9
<i>as % of total revenue</i>	<i>60.1</i>	<i>65.9</i>	

Our cost of sales increased by 48.9% from RMB1,393.0 million in 2024 to RMB2,074.7 million in 2025, which was generally in line with our business expansion.

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Gross Profit and Gross Margin

	Year ended December 31,			
	2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Custom silicon solution service				
Design service	93,298	12.9	124,652	14.2
Turnkey service	165,209	19.3	270,248	18.1
Subtotal	258,507	16.4	394,900	16.7
Semiconductor IP licensing service				
IP licensing	567,763	89.7	575,744	85.8
IP royalties	103,109	100.0	110,911	100.0
Subtotal	670,872	91.2	686,655	87.8
Inventory provision				
included in cost of sales .	(1,747)		(3,451)	
Surcharge and other tax				
included in cost of sales .	(3,609)		(4,389)	
Total/average	924,023	39.9	1,073,715	34.1

Our gross profit increased by 16.2% from RMB924.0 million in 2024 to RMB1,073.7 million in 2025, driven by the strong growth in our overall business. Our overall gross margin decreased from 39.9% in 2024 to 34.1% in 2025. This margin decrease was primarily due to a shift in our revenue mix towards a higher proportion of custom silicon solution service, particularly turnkey service, which inherently have a lower gross margin compared to our high-margin semiconductor IP licensing service.

Custom Silicon Solution Service

Our gross profit from custom silicon solution service increased by 52.8% from RMB258.5 million in 2024 to RMB394.9 million in 2025, primarily due to an increase in gross profit from both our turnkey and design service. Gross margin remained stable at 16.4% in 2024 and 16.7% in 2025.

Design Service

Our gross profit from design service increased by 33.6% from RMB93.3 million in 2024 to RMB124.7 million in 2025. Gross margin increased from 12.9% in 2024 to 14.2% in 2025, driven by a favorable change in service mix.

Turnkey Service

Our gross profit from turnkey service increased by 63.6% from RMB165.2 million in 2024 to RMB270.2 million in 2025, primarily due to a 74.0% increase in revenue from this service. This was partially offset by a decrease in gross margin from 19.3% in 2024 to 18.1% in 2025, driven by a change in the mix of our turnkey projects and more favorable pricings offered to our certain customers.

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Semiconductor IP Licensing Service

Our gross profit from semiconductor IP licensing service increased by 2.4% from RMB670.9 million in 2024 to RMB686.7 million in 2025, primarily due to an increase in gross profit from both IP licensing and IP royalties. The overall gross margin of our semiconductor IP licensing service decreased from 91.2% in 2024 to 87.8% in 2025, mainly due to a decrease in the gross margin of IP licensing.

IP Licensing

Our gross profit from IP licensing increased by 1.4% from RMB567.8 million in 2024 to RMB575.7 million in 2025. This was achieved despite a decrease in gross margin from 89.7% in 2024 to 85.8% in 2025, which was mainly attributable to a change in the mix of licenses granted, with a higher proportion of licenses that involved greater associated costs, such as the use of third-party IP that carries lower margin.

IP Royalties

Our gross profit from IP royalties increased by 7.6% from RMB103.1 million in 2024 to RMB110.9 million in 2025. As there are no direct costs of sales associated with our IP royalties revenue, the gross margin remained at 100.0% for both years.

Other Income

Other income increased by 4.3% from RMB61.4 million in 2024 to RMB64.0 million in 2025, primarily due to an increase of RMB8.1 million in input VAT deduction, partially offset by a decrease of RMB4.6 million in interest income from bank deposits.

Other Gains and Losses

Other gains and losses decreased by 37.5% from RMB19.6 million in 2024 to RMB12.2 million in 2025, primarily due to (i) a RMB36.1 million change from net foreign exchange gains to net foreign exchange losses and (ii) an increase of RMB7.5 million in accrual of late tax payment charges, partially offset by an increase of RMB33.3 million in gains from changes in fair value of FVTPL.

Research and Development Expenses

	Year ended December 31,		
	2024	2025	% Change
	RMB	RMB	
	<i>(in thousands, except for percentages)</i>		
Research and development expenses . .	1,247,302	1,312,692	5.2
as % of total revenue	53.8	41.7	

Our research and development expenses increased by 5.2% from RMB1,247.3 million in 2024 to RMB1,312.7 million in 2025. Consistent with the long investment cycles and high R&D intensity that characterize the IC design industry, this sustained investment is a strategic imperative to maintain our technological leadership and build a competitive barrier in both custom silicon solution and semiconductor IP licensing services. In 2025, our R&D expenses constituted 82.7% of our total operating expenses, underscoring its central role in our strategy.

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The increase in research and development expenses was primarily attributable to: (i) an increase in staff costs from RMB894.0 million in 2024 to RMB937.6 million in 2025, reflecting our continued investment in attracting and retaining top-tier engineering talent; (ii) an increase in depreciation and amortization excluding depreciation of right-of-use assets from RMB170.1 million in 2024 to RMB192.9 million in 2025, due to additional purchase of software; and (iii) an increase in share-based payment expenses from RMB4.4 million in 2024 to RMB18.5 million in 2025, primarily attributable to the new Restricted A Share Incentive Scheme we established to align employee interests with our long-term growth.

As a percentage of total revenue, research and development expenses decreased from 53.8% in 2024 to 41.7% in 2025. This decrease demonstrates the operating leverage in our business model: as revenue grew, a larger portion of our staff costs were allocated to revenue-generating customer projects, leading to a favorable decline in our R&D expenses as a percentage of total revenue.

Administrative Expenses

	Year ended December 31,		
	2024	2025	% Change
	RMB	RMB	
	<i>(in thousands, except for percentages)</i>		
Administrative expenses	125,381	147,006	17.2
as % of total revenue	5.4	4.7	

Our administrative expenses increased by 17.2% from RMB125.4 million in 2024 to RMB147.0 million in 2025. This increase was primarily driven by: (i) a substantial increase in share-based payment expenses from RMB1.9 million in 2024 to RMB13.2 million in 2025, primarily attributable to the new Restricted A Share Incentive Scheme we established to align employee interests with our long-term growth; and (ii) an increase in staff costs from RMB82.7 million in 2024 to RMB92.8 million in 2025, primarily due to an expansion in administrative headcount and salary adjustments.

As a percentage of total revenue, administrative expenses decreased from 5.4% in 2024 to 4.7% in 2025. This represents improved operational leverage, where the growth in total revenue outpaced the increase in administrative expenditures, leading to greater efficiency.

Selling and Marketing Expenses

	Year ended December 31,		
	2024	2025	% Change
	RMB	RMB	
	<i>(in thousands, except for percentages)</i>		
Selling and marketing expenses	119,983	127,208	6.0
as % of total revenue	5.2	4.0	

Our selling and marketing expenses increased by 6.0% from RMB120.0 million in 2024 to RMB127.2 million in 2025. This increase was primarily driven by: (i) an increase in staff costs from RMB83.5 million in 2024 to RMB86.3 million in 2025, largely attributable to an increase in salaries and other compensation; (ii) a significant increase in share-based payment expenses from RMB0.1 million in 2024 to RMB3.5 million in 2025, primarily attributable to the new Restricted A Share Incentive Scheme we established to align employee interests with our long-term growth; and (iii) an increase in service fees from RMB5.2 million in 2024 to RMB7.7 million in 2025, mainly due to increased engagement with external agencies or consultants for expanded marketing initiatives. These increases were partially offset by a decrease in conference and marketing expenses from RMB17.1 million in 2024 to RMB16.8 million in 2025, due to our strategic optimization of marketing activities with lower promotional expenses.

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As a percentage of total revenue, selling and marketing expenses decreased from 5.2% in 2024 to 4.0% in 2025. This decrease represents an improved operational efficiency where our revenue growth outpaced the increase in selling and marketing expenditures during the year.

Impairment Losses under ECL Model, Net of Reversal

Our impairment of financial assets under ECL model, net of reversal decreased from RMB43.6 million in 2024 to RMB27.1 million in 2025, primarily due to a decrease of RMB17.2 million in impairment losses recognized on trade receivables and (ii) a change from impairment losses recognized on other receivables of RMB4.7 million in 2024 to RMB5.0 million in 2025.

Finance Costs

Finance costs increased by 14.3% from RMB36.2 million in 2024 to RMB41.4 million in 2025, primarily due to an increase of RMB6.8 million in interest expenses on borrowings, partially offset by a decrease of RMB1.0 million in interest expenses on long-term payables for purchase of intangible assets.

Income Tax Expenses

Income tax expenses decreased from RMB19.0 million in 2024 to RMB14.5 million in 2025, due to periodic fluctuations in withholding income tax provisions relating to semiconductor IP licensing service.

Loss for the Year

As result of the foregoing, loss for the year decreased from RMB600.9 million in 2024 to RMB527.8 million in 2025. Loss margin decreased from 26.0% in 2024 to 16.9% in 2025.

Adjusted loss for the year (non-IFRS measure) decreased from RMB593.6 million in 2024 to RMB486.2 million in 2025. Adjusted loss margin (non-IFRS measure) decreased from 25.7% in 2024 to 15.6% in 2025. Adjusted EBITDA loss (non-IFRS measure) decreased from RMB298.6 million in 2024 to RMB164.0 million in 2025. Adjusted EBITDA loss margin (non-IFRS measure) decreased from 12.9% in 2024 to 5.3% in 2025. See “— Non-IFRS Measures.”

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenue

	Year ended December 31,		
	2023	2024	% Change
	RMB	RMB	
	(in thousands, except for percentages)		
Custom Silicon Solution Service			
Design service	492,470	724,794	47.2
Turnkey service	1,071,416	856,214	(20.1)
Subtotal	1,563,886	1,581,008	1.1
Semiconductor IP licensing service			
IP licensing	655,375	632,859	(3.4)
IP royalties	109,692	103,109	(6.0)
Subtotal	765,067	735,968	(3.8)
Total	2,328,953	2,316,976	(0.5)

Our revenue remained stable at RMB2,329.0 million in 2023 and RMB2,317.0 million in 2024.

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Custom Silicon Solution Service

Our revenue from custom silicon solution service remained stable at RMB1,563.9 million in 2023 and RMB1,581.0 million in 2024, respectively.

Design Service

Our revenue from design service increased by 47.2% from RMB492.5 million in 2023 to RMB724.8 million in 2024. This increase was primarily driven by revenue we recognized based on the progress of our ongoing design projects during the year, as more projects moved into execution stages. In addition, we experienced strong customer demand for our design services, particularly for high-performance AI-related custom SoCs. Furthermore, a significant portion of our design projects utilized advanced process nodes, with 96.5% of our design service revenue derived from 28nm to 4nm process nodes, 85.0% from 14nm to 4nm process nodes, and 58.2% from 7nm to 4nm process nodes in 2024, respectively, as compared to 86.7%, 56.4% and 31.6% in 2023, respectively.

Turnkey Service

Our revenue from turnkey service decreased by 20.1% from RMB1,071.4 million in 2023 to RMB856.2 million in 2024. This was primarily due to the impact of the industry-wide destocking cycle on certain downstream customers in 2023, which led to fewer new bookings being signed in the first half of 2023 and subsequently led to the lower revenue in 2024.

Semiconductor IP Licensing Service

Our revenue from semiconductor IP licensing service remained stable at RMB765.1 million in 2023 and RMB736.0 million in 2024, respectively.

IP Licensing

Our revenue from IP licensing remained relatively stable at RMB655.4 million in 2023 and RMB632.9 million in 2024.

IP Royalties

Our revenue from IP royalties decreased by 6.0% from RMB109.7 million in 2023 to RMB103.1 million in 2024. This decrease was primarily attributable to a shift in our customers’ product mix towards end products that carry lower IP royalties rates, which more than offset the impact of higher overall shipment volumes of chips incorporating our IP during the year.

Cost of Sales

	Year ended December 31,		
	2023	2024	% change
	RMB	RMB	
	(in thousands, except for percentages)		
Direct materials	974,771	1,076,608	10.4
Direct labor	262,320	263,072	0.3
Others	44,554	47,917	7.5
Inventory provision included			
in cost of sales.	3,548	1,747	(50.8)
Surcharge and other tax included			
in cost of sales.	4,101	3,609	(12.0)
Total	1,289,294	1,392,953	8.0
<i>as % of total revenue</i>	<i>55.4</i>	<i>60.1</i>	

Our cost of sales increased by 8.0% from RMB1,289.3 million in 2023 to RMB1,393.0 million in 2024. This increase was primarily driven by an increase in direct materials from RMB974.8 million in 2023 to RMB1,076.6 million in 2024, reflecting the growth in our design service which involve increased utilization of direct components including third-party IP licenses and other essential materials.

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Gross Profit and Gross Margin

	Year ended December 31,			
	2023		2024	
	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>				
Custom silicon solution service				
Design service	70,720	14.4	93,298	12.9
Turnkey service	293,939	27.4	165,209	19.3
Subtotal	364,659	23.3	258,507	16.4
Semiconductor IP licensing service				
IP licensing	572,957	87.4	567,763	89.7
IP royalties	109,692	100.0	103,109	100.0
Subtotal	682,649	89.2	670,872	91.2
Inventory provision				
included in cost of sales .	(3,548)		(1,747)	
Surcharge and other tax				
included in cost of sales .	(4,101)		(3,609)	
Total/average	1,039,659	44.6	924,023	39.9

Our gross profit decreased by 11.1% from RMB1,039.7 million in 2023 to RMB924.0 million in 2024. Our overall gross margin decreased from 44.6% in 2023 to 39.9% in 2024.

Custom Silicon Solution Service

Our gross profit from custom silicon solution service decreased by 29.1% from RMB364.7 million in 2023 to RMB258.5 million in 2024. This was primarily due to a decrease in the gross profit from our turnkey service. The gross margin of our custom silicon solution service decreased from 23.3% in 2023 to 16.4% in 2024 primarily due to a decrease in gross margin of turnkey service.

Design Service

Our gross profit from design service increased by 31.9% from RMB70.7 million in 2023 to RMB93.3 million in 2024. Gross margin decreased from 14.4% in 2023 to 12.9% in 2024, due to changes in service mix.

Turnkey Service

Our gross profit from turnkey service decreased by 43.8% from RMB293.9 million in 2023 to RMB165.2 million in 2024, as a result of the impact of the industry-wide destocking cycle, which led to lower production volumes. The gross margin from turnkey service decreased from 27.4% in 2023 to 19.3% in 2024, primarily due to a change in the mix of our turnkey projects to certain of our customers and more favorable pricing offered to our certain customers.

Semiconductor IP Licensing Service

Our gross profit from semiconductor IP licensing service decreased by 1.7% from RMB682.6 million in 2023 to RMB670.9 million in 2024, primarily due to a decrease in gross profit from IP royalties. The gross margin of our semiconductor IP licensing service increased from 89.2% in 2023 to 91.2% in 2024 due to an increase in gross margin of IP licensing.

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IP Licensing

Our gross profit from IP licensing decreased by 0.9% from RMB573.0 million in 2023 to RMB567.8 million in 2024. The gross margin from IP licensing increased from 87.4% in 2023 to 89.7% in 2024. The increase in gross margin was primarily due to a change in the mix of licenses granted, with a lower proportion of licenses that involved greater associated costs, such as the use of third-party IP that carries lower margin.

IP Royalties

Our gross profit from IP royalties decreased by 6.0% from RMB109.7 million in 2023 to RMB103.1 million in 2024. The decrease in gross profit was directly in line with the decrease in IP royalties revenue. As there are no direct costs of sales associated with our IP royalties revenue, the gross margin remained at 100.0% for both years.

Other Income

Other income decreased by 8.2% from RMB66.9 million in 2023 to RMB61.4 million in 2024, primarily due to (i) a decrease of RMB3.2 million in government grants and (ii) a decrease of RMB2.0 million in input VAT deduction, partially offset by an increase of RMB3.9 million in interest income from bank deposits.

Other Gains and Losses

We recorded other losses of RMB0.4 million in 2023 and other gains of RMB19.6 million in 2024. The change was mainly due to (i) a decrease of RMB20.2 million in losses from changes in fair value of FVTPL and (ii) an increase of RMB2.9 million in investment income from unlisted financial products at FVTPL, partially offset by a decrease of RMB2.9 million in net foreign exchange gains.

Research and Development Expenses

	Year ended December 31,		
	2023	2024	% Change
	RMB	RMB	
	(in thousands, except for percentages)		
Research and development expenses . .	947,223	1,247,302	31.7
as % of total revenue	40.7	53.8	

Our research and development expenses increased by 31.7% from RMB947.2 million in 2023 to RMB1,247.3 million in 2024. This was primarily a result of our deliberate, counter-cyclical investment in talent and strategic R&D projects during an industry downturn, a strategic imperative to build a competitive barrier and prepare for the next phase of growth.

A significant portion of this investment was directed towards expanding our talent pool. In a period when many industry players were reducing headcount, we executed a large-scale campus recruitment program, receiving nearly 10,000 applications and ultimately hiring over 200 high-caliber graduates. These new engineers, who have now completed their internal training, have provided the necessary human resources for the multiple large-scale chip projects we are undertaking and will be critical to supporting our future growth as the industry recovers. This forward-looking investment in a high-quality talent reserve is key to our long-term success.

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This strategic expansion was reflected in our research and development expenses: (i) an increase in staff costs from RMB711.5 million in 2023 to RMB894.0 million in 2024, largely reflecting the expansion of our R&D team; and (ii) an increase in depreciation and amortization from RMB125.5 million in 2023 to RMB170.1 million in 2024, attributable to increased investment in R&D equipment and intangible assets to support our growing team and R&D projects.

As a percentage of total revenue, research and development expenses increased from 40.7% in 2023 to 53.8% in 2024. This increase was a direct consequence of our counter-cyclical investment strategy, which saw us accelerate R&D spending while our revenue remained stable due to the industry-wide downturn.

Administrative Expenses

	Year ended December 31,		
	2023	2024	% Change
	RMB	RMB	
	(in thousands, except for percentages)		
Administrative expenses	121,771	125,381	3.0
as % of total revenue	5.2	5.4	

Our administrative expenses remained stable at RMB121.8 million in 2023 and RMB125.4 million in 2024.

Selling and Marketing Expenses

	Year ended December 31,		
	2023	2024	% Change
	RMB	RMB	
	(in thousands, except for percentages)		
Selling and marketing expenses	114,853	119,983	4.5
as % of total revenue	4.9	5.2	

Our selling and marketing expenses remained stable at RMB114.9 million in 2023 and RMB120.0 million in 2024.

Impairment Losses under ECL Model, Net of Reversal

Our impairment of financial assets under ECL model, net of reversal decreased from RMB125.5 million in 2023 to RMB43.6 million in 2024, primarily due to (i) a decrease of RMB70.3 million in impairment losses recognized on trade receivables and (ii) a decrease of RMB11.2 million in impairment losses recognized on contract assets.

Finance Costs

Finance costs increased by 56.0% from RMB23.2 million in 2023 to RMB36.2 million in 2024, primarily due to (i) an increase of RMB10.5 million in interest expenses on borrowings and (ii) an increase of RMB1.2 million in interest expenses on lease liabilities.

Income Tax Expenses

Income tax expenses decreased from RMB27.2 million in 2023 to RMB19.0 million in 2024, due to periodic fluctuations in withholding income tax provisions relating to semiconductor IP licensing service.

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Loss for the Year

As result of the foregoing, loss for the year increased from RMB296.5 million in 2023 to RMB600.9 million in 2024. Loss margin increased from 12.7% in 2023 to 26.0% in 2024.

Adjusted loss for the year (non-IFRS measure) increased from RMB292.9 million in 2023 to RMB593.6 million in 2024. Adjusted loss margin (non-IFRS measure) increased from 12.5% in 2023 to 25.7% in 2024. Adjusted EBITDA loss (non-IFRS measure) increased from RMB56.5 million in 2023 to RMB298.6 million in 2024. Adjusted EBITDA loss margin (non-IFRS measure) changed from 2.3% in 2023 to 12.9% in 2024. See “— Non-IFRS Measures.”

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from our principal business operations and changes in operating working capital. As of February 28, 2026, we had cash and cash equivalents of RMB822.8 million. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net [REDACTED] from the [REDACTED].

Taking into account the net [REDACTED] from the [REDACTED] and cash generated from operations, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this document.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Current assets				
Inventories	278,623	395,515	497,983	575,809
Trade and other receivables and prepayment	1,230,080	1,055,933	1,721,933	1,944,080
Contract assets	95,979	245,161	353,328	383,093
Tax recoverable	24,352	82,375	131,277	161,438
Financial assets at FVTPL	400,130	112,276	923,813	957,535
Restricted bank balances .	3,527	104,101	1,089	10,113
Time deposits	—	—	50,287	70,075
Cash and cash equivalents	685,253	642,835	2,006,425	822,848
Total current assets	2,717,944	2,638,196	5,686,135	4,924,991
Current liabilities				
Trade and other payables .	360,489	550,630	770,545	605,709
Borrowings	94,754	311,694	442,886	458,635
Lease liabilities	20,393	37,351	35,430	30,800
Provisions	13,434	12,724	12,063	11,830
Contract liabilities	453,522	606,777	1,258,496	1,641,853
Deferred income	4,118	20,584	2,291	3,657
Income tax payable	3,286	7,479	4,983	6,042
Total current liabilities . . .	949,996	1,547,239	2,526,694	2,758,526
Net current assets	1,767,948	1,090,957	3,159,441	2,166,465

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Comparison between February 28, 2026 and December 31, 2025

Our net current assets decreased from RMB3,159.4 million as of December 31, 2025 to RMB2,166.5 million as of February 28, 2026, primarily due to (i) a decrease in cash and cash equivalents from RMB2,006.4 million to RMB822.8 million due to the payment in connection with the acquisition of a controlling interest in Pixelworks Semiconductor, (ii) an increase in contract liabilities from RMB1,258.5 million to RMB1,641.9 million, partially offset by an increase in trade and other receivables and prepayment from RMB1,721.9 million to RMB1,944.1 million.

Comparison between December 31, 2025 and December 31, 2024

Our net current assets increased from RMB1,091.0 million as of December 31, 2024 to RMB3,159.4 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents from RMB642.8 million to RMB2,006.4 million, (ii) an increase in trade and other receivables and prepayment from RMB1,055.9 million to RMB1,721.9 million, (iii) an increase in financial assets at FVTPL from RMB112.3 million to RMB923.8 million, partially offset by an increase in contract liabilities from RMB606.8 million to RMB1,258.5 million.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB1,767.9 million as of December 31, 2023 to RMB1,091.0 million as of December 31, 2024, primarily due to (i) a decrease in trade and other receivables and prepayment from RMB1,230.1 million to RMB1,055.9 million, (ii) an increase in trade and other payables from RMB360.5 million to RMB550.6 million, partially offset by an increase in contract assets from RMB96.0 million to RMB245.2 million.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories include work-in-progress and finished goods. Given our SiPaaS business model, we do not hold chip products for resale. Instead, production activities are typically arranged in response to specific customer orders and project requirements. As a result, our inventory levels are primarily driven by project progress and customer delivery schedules and we generally maintain relatively limited finished goods inventories. We also monitor inventory aging to manage potential obsolescence risks. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Work-in-progress	263,883	360,667	462,541
Finished goods	19,343	40,133	42,167
Less: provision for impairment of inventories	(4,603)	(5,285)	(6,725)
	<u>278,623</u>	<u>395,515</u>	<u>497,983</u>

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Our inventories increased from RMB278.6 million as of December 31, 2023 to RMB395.5 million as of December 31, 2024, primarily due to: (i) an increase in work-in-progress from RMB263.9 million to RMB360.7 million, reflecting an increase in the number and scale of ongoing turnkey service projects that were in the wafer fabrication and packaging stages but had not yet reached completion at year-end; and (ii) an increase in finished goods from RMB19.3 million to RMB40.1 million, due to the timing of customer delivery schedules, where certain production batches were completed and awaiting final shipment at the end of the period.

Our inventories further increased to RMB498.0 million as of December 31, 2025, primarily due to a significant increase in work-in-progress from RMB360.7 million to RMB462.5 million, which was directly attributable to the substantial growth in our turnkey service business as the strong order backlog from 2024 was put into production, reflecting our efficient coordination with customers for the timely delivery of completed chip products.

Turnover Days

The table below sets forth the turnover days of our inventories for the year indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	101	90	80

Note:

- (1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventory before provision for impairment of inventories for that year divided by cost of sales for that year/period and multiplied by 365 days for 2023, 2024, and 2025.

Our inventory turnover days decreased from 101 days in 2023 to 90 days in 2024 and further decreased to 80 days in 2025, primarily due to more efficient inventory planning, which enabled us to align inventory levels more closely with actual customer demand.

Subsequent Utilization

As of February 28, 2026, 34.0% of our total inventories as of December 31, 2025, or RMB168.1 million, were utilized or sold.

Trade, Bills and Other Receivables and Prepayment

See note 27 to “Appendix I — Accountants’ Report” for a breakdown of our trade, bills and other receivables and prepayments.

Trade, bill and other receivables and prepayments decreased from RMB1,551.7 million as of December 31, 2023 to RMB1,309.8 million as of December 31, 2024, primarily due to (i) a decrease in prepayments for long-lived from RMB310.4 million to RMB90.0 million as certain prepayments for purchase of properties were settled and (ii) a decrease in amounts due from related parties – trade related, from RMB106.0 million to RMB14.5 million, as prepayments for semiconductor IP licensing were utilized.

Trade, bill and other receivables and prepayments increased to RMB1,906.9 million as of December 31, 2025, primarily due to an increase in trade receivables due from third parties from RMB1,278.0 million to RMB1,471.0 million, due to the significant growth in our revenue during the year, particularly in the latter half, which resulted in a higher balance of receivables outstanding at year-end. The overall increase was also significantly driven by a rise in prepaid expenses, reflecting higher prepayments made to our supply chain partners to secure production capacity in anticipation of fulfilling the strong order backlog for our turnkey service.

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Aging Analysis

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
0 to 6 months	910,453	980,217	1,253,671
6 months to 1 year	133,436	13,553	14,625
1 to 2 years	76,850	178,147	23,263
Over 2 years	62,003	124,838	198,998
Total	1,182,742	1,296,755	1,490,557

Turnover Days

The table below sets forth the turnover days of our trade receivables for the year indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	179	195	162

Note:

- (1) Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables before impairment allowance for that year divided by revenue for that year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade receivables turnover days remained relatively high during the Track Record Period as compared to the standard credit terms granted to customers. This is partly attributable to the timing difference between when a trade receivable is created on our books and when the commercial payment period begins; our trade receivables are recognized upon the transfer of control or fulfillment (for our turnkey services, when we obtain the sales reports from the customers and calculated based on the sales or usage of chips incorporating our IP), whereas the credit period granted to customers typically commences from the invoice date. Our trade receivables turnover days remained stable in 2023 and 2024. Our trade receivables turnover days decreased from 195 days in 2024 to 162 days in 2025, primarily due to an overall improvement in the efficiency of our receivables collection relative to the scale of our operations.

Subsequent Settlement

As of February 28, 2026, 26.9% of our total trade receivables as of December 31, 2025, or RMB324.0 million, were settled.

Trade and Other Payables

The following sets forth the trend analysis of trade and other payables as of the dates indicated. See note 30 to “Appendix I — Accountants’ Report.”

Trade and other payables increased from RMB401.5 million as of December 31, 2023 to RMB633.9 million as of December 31, 2024, primarily due to (i) an increase in payables for purchase of intangible assets from RMB83.7 million to RMB206.1 million and (ii) an increase in trade payables due to third parties from RMB94.0 million to RMB129.5 million, reflecting the continued expansion of our business, partially offset by a decrease in other payables due to related parties from RMB5.2 million to RMB2.4 million.

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Trade and other payables increased from RMB633.9 million as of December 31, 2024 to RMB809.9 million as of December 31, 2025, primarily due to (i) an increase in trade payables due to third parties from RMB129.5 million to RMB301.6 million and (ii) an increase in advances for reimbursable expenses from nil to RMB47.4 million, reflecting the growth of our business, partially offset by a decrease in payables for purchase of intangible assets from RMB206.1 million to RMB139.9 million.

Aging Analysis

The table below sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Less than 1 year	96,068	163,166	325,871
Total	96,068	163,166	325,871

Turnover Days

The table below sets forth the turnover days of our trade payables for the year indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	44	34	43

Note:

- (1) Trade payables turnover days for each year equals the average of the beginning and ending balances of trade payables for that year divided by cost of sales for that year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade payables turnover days decreased from 44 days in 2023 to 34 days in 2024, and increased to 43 days in 2025. Our trade payables turnover day was generally in line with the credit terms we granted to our suppliers during the respective year.

Subsequent Settlement

As of February 28, 2026, 52.2% of our total trade payables as of December 31, 2025, or RMB170.2 million, were settled.

Contract Liabilities

Contract liabilities represent our advance from customers. Contract liabilities increased from RMB453.5 million as of December 31, 2023 to RMB606.8 million as of December 31, 2024 and further to RMB1,258.5 million as of December 31, 2025, primarily an increase in advance payments received from customers in line with the significant growth in new orders.

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Financial Assets at Fair Value Through Profit or Loss (“FVTPL”), Current

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Unlisted financial products	400,130	112,276	923,813
Total	400,130	112,276	923,813

Financial assets at FVTPL, current decreased from RMB400.1 million as of December 31, 2023 to RMB112.3 million as of December 31, 2024, primarily due to a decrease in unlisted financial products, as we redeemed certain bank wealth management products to meet our funding needs and did not reinvest in new structured deposits upon the maturity of existing ones. Financial assets at FVTPL, current increased to RMB923.8 million as of December 31, 2025, primarily due to an increase in unlisted financial products, as we deployed part of our available funds into structured deposits. See “— Disclosure About Financial Risks — Capital Management” for our capital management policy in relation to our financial assets.

CASH FLOWS

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Net cash used in operating activities . .	(8,523)	(345,990)	(221,686)
Net cash (used in)/from investing activities	(426,196)	46,526	(1,023,179)
Net cash generated from financing activities	356,581	248,131	2,610,893
Net (decrease)/increase in cash and cash equivalents	(78,138)	(51,333)	1,366,028
Cash and cash equivalents as of the beginning of year	761,884	685,253	642,835
Effect of foreign exchange rate changes, net	1,507	8,915	(2,438)
Cash and cash equivalents as of the end of the year	685,253	642,835	2,006,425

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Operating Activities

In 2025, we had net cash used in operating activities of RMB221.7 million, primarily consisting of loss before tax of RMB527.8 million, adjusted for non-operating and non-cash items mainly including (i) amortization of intangible assets of RMB164.4 million, (ii) depreciation of property and equipment of RMB62.7 million, and partially offset by (iii) loss from changes in fair value of FVTPL of RMB32.9 million. The amount was offset by change in working capital, including (i) an increase in trade, bill and other receivables and prepayment of RMB659.1 million, (ii) an increase in contract liabilities of RMB651.7 million, partially offset by (iii) an increase in trade and other payables of RMB251.9 million.

In 2024, we had net cash used in operating activities of RMB346.0 million, primarily consisting of our loss before tax of RMB600.9 million, adjusted for non-operating and non-cash items mainly including (i) amortization of intangible assets of RMB150.1 million, (ii) depreciation of property and equipment of RMB50.2 million, partially offset by (iii) interest income of RMB15.8 million. The amount was offset by change in working capital, including (i) an increase in contract assets of RMB153.9 million, (ii) a increase in contract liabilities of RMB153.3 million and (iii) an increase in inventories of RMB118.6 million.

In 2023, we had net cash used in operating activities of RMB8.5 million, primarily consisting of our loss before tax of RMB296.5 million, adjusted for non-operating and non-cash items mainly including (i) net impairment losses under ECL model of RMB125.5 million, (ii) amortization of intangible assets of RMB109.5 million, partially offset by (iii) interest income of RMB11.9 million. This amount was offset by change in working capital, including (i) a decrease in trade and other payables of RMB151.2 million, (ii) a decrease in inventories of RMB140.3 million and (iii) a decrease in contract liabilities of RMB92.9 million.

Investing Activities

In 2025, we had net cash used in investing activities of RMB1,023.2 million, primarily consisting of purchases of financial assets at FVTPL of RMB5,625.0 million and purchases of intangible assets of RMB154.0 million, partially offset by redemption of financial assets at FVTPL of RMB4,915.0 million.

In 2024, we had net cash generated from investing activities of RMB46.5 million, primarily consisting of redemption of financial assets at FVTPL of RMB1,954.0 million, partially offset by purchase of financial assets at FVTPL of RMB1,766.0 million and purchases of intangible assets of RMB102.5 million.

In 2023, we had net cash used in investing activities of RMB426.2 million, primarily consisting of purchases of financial assets at FVTPL of RMB730.0 million and purchases of intangible assets of RMB66.0 million, partially offset by redemption of financial assets at FVTPL of RMB430.0 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB2,610.9 million, primarily consisting of proceeds from issue of shares of RMB1,806.9 million and proceeds from non-controlling interests of RMB570.0 million.

In 2024, we had net cash generated from financing activities of RMB248.1 million, primarily consisting of new bank loans raised of RMB496.2 million and proceeds from exercise of share-based payment of RMB17.1 million, partially offset by repayments of borrowings of RMB107.4 million.

In 2023, we had net cash generated from financing activities of RMB356.6 million, primarily consisting of new bank loans raised of RMB427.9 million and proceeds from exercise of share-based payment of RMB83.6 million, partially offset by repayments of other long-term liabilities of RMB74.0 million.

FINANCIAL INFORMATION

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Current				
Borrowings	94,754	311,694	442,886	458,635
Lease liabilities	20,393	37,351	35,430	30,800
Non-current				
Borrowings	659,611	832,553	1,124,313	1,143,869
Lease liabilities	22,266	44,528	39,652	39,868
Total	797,024	1,226,126	1,642,281	1,673,172

Borrowings

The table below sets for the categories of our borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Unsecured	417,807	844,062	1,043,457	1,114,891
Secured and guaranteed . .	336,558	300,185	523,742	487,613
Total	754,365	1,144,247	1,567,199	1,602,504

As of February 28, 2026, our total banking facilities amounted to RMB2,654.0 million, of which RMB1,573.7 million had been utilized.

Lease liabilities

Our lease liabilities, including current and non-current portions, were primarily in relation to office leases.

The balance of our lease liabilities, including both current and non-current portions, increased from RMB42.7 million as of December 31, 2023 to RMB81.9 million as of December 31, 2024, primarily due the renewal of certain office leases. The balance of our lease liabilities, including both current and non-current portions, decreased from RMB81.9 million to RMB75.1 million, primarily due to unwinding of lease liabilities through periodic lease payments.

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Contingent liabilities

As of February 28, 2026, we did not have any contingent liabilities. Save as disclosed above, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the latest practicable date for our indebtedness statement. We did not have any material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since February 28, 2026 and up to the date of this document. Our Directors confirm that we did not have any material defaults on trade and non-trade payables and borrowings, or breaches of covenants during the Track Record Period and up to the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Track Record Period, our capital expenditures were primarily for purchase of property, plant and equipment and intangible assets. The table below sets forth our capital expenditure for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Purchases of property and equipment	42,239	41,131	61,062
Purchases of intangible assets	66,032	102,501	153,971
Total	108,271	143,632	215,033

Capital Commitment

The table below sets forth our capital commitment for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Capital expenditure in respect of purchase of inventory and other current assets contracted for but not provided in the consolidated financial statements	224,126	64,124	35,000
Total	224,126	64,124	35,000

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratio for the years or as of the dates indicated.

	Year ended December 31,		
	2023	2024	2025
YoY revenue growth ⁽¹⁾	(12.9)%	(0.5)%	35.9%
R&D expense ratio ⁽²⁾	40.7%	53.8%	41.7%
Gross margin ⁽³⁾	44.6%	39.9%	34.1%
Adjusted loss margin ⁽⁴⁾	(12.5)%	(25.7)%	(15.6)%
Adjusted EBITDA margin ⁽⁵⁾	(2.3)%	(12.9)%	(5.3)%
Debt-to-asset ratio ⁽⁶⁾	17.1%	24.7%	20.3%

Notes:

- (1) YoY revenue growth is calculated as the change in revenue from the previous year, divided by the revenue of the previous year, and multiplied by 100%.
- (2) R&D expense ratio is calculated as research and development expenses for the year divided by revenue for the corresponding year, and multiplied by 100%.
- (3) Gross margin is calculated as gross profit for the year divided by revenue for the corresponding year, and multiplied by 100%.
- (4) Adjusted loss margin is calculated as adjusted loss for the year divided by revenue for the corresponding year, and multiplied by 100%. See also “— Non-IFRS Measures.”
- (5) Adjusted EBITDA margin is calculated as adjusted EBITDA for the year divided by revenue for the corresponding year, and multiplied by 100%. See also “— Non-IFRS Measures.”
- (6) Debt-to-asset ratio is calculated as total borrowings divided by total assets at the end of the corresponding year.

DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks including currency risk, credit risk and liquidity risk. For details of our risk exposure and sensitivity analysis, see note 43 to “Appendix I — Accountants’ Report.”

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders’ value. Our overall strategy remained unchanged during the Track Record Period. Our capital structure consists of debt, which includes borrowings and lease liabilities.

Our Board is actively involved in overseeing and governing our investment activities. It approves our overall investment policy to ensure alignment with our strategic objectives and provides oversight for key decisions regarding capital management investments. Any proposed investment that exceeds a predetermined threshold or carries a higher level of risk requires prior approval from the Board. Furthermore, the Board receives regular reports on the performance and risk assessment of our investments, enabling it to provide ongoing guidance and oversight. Investments in wealth management products are subject to a multi-level approval process. Both the management team and the Board are involved, depending on the size and risk profile of the investment. This rigorous approval framework ensures that all investment decisions are thoroughly scrutinized and align with our financial and risk management objectives. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the [REDACTED] and the [REDACTED].

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OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period, we did not enter into any off-balance sheet arrangements.

DIVIDENDS

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, regulatory requirements in relation to declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. We did not declare or pay dividends on our Shares during the Track Record Period. As of the Latest Practicable Date, we did not have any pre-determined dividend payout ratio. Pursuant to our Articles of Association and in accordance with the PRC Company Law and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), we have adopted a general dividend policy, according to which we may declare dividend by way of cash dividends, stock dividends, or a combination of cash and stock dividends where conditions for dividend distribution are met. As advised by our PRC Legal Advisor, pursuant to the provisions of the PRC Company Law, only the residual after-tax profits of the Company after it has made up for its losses and accrued reserves may be used to distribute dividends. We will pay dividends according to the applicable PRC laws and our Articles of Association.

DISTRIBUTABLE RESERVE

As of December 31, 2025, we did not have distributable reserves.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

RELATED-PARTY TRANSACTIONS

Related party transactions are set out in note 45 to “Appendix I — Accountants’ Report.” Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and at arm’s length basis. For related party loans, advances, guarantees and/or pledges of securities including the terms and the plans for these arrangements after the [REDACTED], if any, see also note 45 to “Appendix I — Accountants’ Report.”

UNAUDITED [REDACTED] FINANCIAL INFORMATION

See “Appendix II — Unaudited [REDACTED] Financial Information” for details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commission and fees incurred in connection with the [REDACTED] and the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses.

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Our [REDACTED] expenses are estimated to be approximately HK\$[REDACTED] (including [REDACTED] commission), accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this document, and no exercise of the [REDACTED]). Among our [REDACTED] expenses, approximately HK\$[REDACTED] is directly attributable to the [REDACTED] of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK\$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period and expect to incur would consist of approximately HK\$[REDACTED] [REDACTED] related expenses and fees (including but not limited to [REDACTED] and fees), approximately HK\$[REDACTED] non-[REDACTED]-related expenses and fees of the legal advisors and reporting accountant and approximately HK\$[REDACTED] for other non-[REDACTED]-related fees and expenses. During the Track Record Period, our incurred [REDACTED] expenses amounted to nil. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025 and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], the Board will consist of twelve Directors, comprising four executive Directors, three non-executive Directors and five independent non-executive Directors. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table sets forth the information about the Directors upon [REDACTED]:

Name	Age	Position	Time of joining the Group	Time of appointment as a Director since Conversion into a Joint Stock Company	Roles and responsibilities
Dr. Wayne Wei-Ming Dai ⁽¹⁾	70	Chairman, Executive Director, Chief Executive Officer, President	August 2001	March 2019	Overall responsible for the Company's strategic development and overall business layout, coordinating major operational decisions and core team construction
Mr. Wei-Jin Dai ⁽¹⁾	67	Executive Director, chief strategy officer, executive vice president and general manager of IP Division	January 2016	March 2019	Responsible for corporate strategic planning and overall management of the IP Division
Mr. Wang Yang (汪洋)	49	Executive Director, chief operating officer and executive vice president of worldwide sales	July 2006	July 2025	Responsible for managing the Company's overall business operation and worldwide sales team
Ms. Shi Wenli (石雯麗)	46	Executive Director, secretary of the Board, company secretary and senior vice president of human resources and administration	July 2003	July 2025	Responsible for the Company's information disclosure, investor relations, corporate governance, talent strategy, organizational development and corporate culture building
Ms. Chen Hong (陳洪).	57	Non-executive Director	November 2019	November 2019	Providing advice on the operation and management of the Group
Mr. Chen Xiaofei (陳曉飛)	50	Non-executive Director	March 2019	March 2019	Providing advice on the operation and management of the Group
Mr. Sun Guodong (孫國棟)	49	Non-executive Director	September 2021	September 2021	Providing advice on the operation and management of the Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining the Group	Time of appointment as a Director since Conversion into a Joint Stock Company	Roles and responsibilities
Mr. Cai Hong Ping (蔡洪平)	72	Independent non-executive Director	[REDACTED]	March 2026, effective from the [REDACTED]	Supervising and providing independent opinion and judgment to the Board
Dr. Huang Sheng (黃生)	49	Independent non-executive Director	July 2025	July 2025	Supervising and providing independent opinion and judgment to the Board
Dr. Li Ting Wei	64	Independent non-executive Director	July 2025	July 2025	Supervising and providing independent opinion and judgment to the Board
Dr. Dahong Qian	61	Independent non-executive Director	July 2025	July 2025	Supervising and providing independent opinion and judgment to the Board
Mr. Sun Jiangang (孫建綱)	43	Independent non-executive Director	July 2025	July 2025	Supervising and providing independent opinion and judgment to the Board

Note:

- (1) Dr. Wayne Wei-Ming Dai and Mr. Wei-Jin Dai are siblings.

Executive Directors

Dr. Wayne Wei-Ming Dai, aged 70, is the Chairman, executive Director, Chief Executive Officer, President of the Company. He founded the Group in August 2001 and has been serving as the Chairman, Director, Chief Executive Officer, President since then. Dr. Wayne Wei-Ming Dai was re-designated as an executive Director on March 30, 2026 with effect from the [REDACTED]. He currently holds directorships in several subsidiaries of the Group. He is overall responsible for the Company’s strategic development and overall business layout, coordinating major operational decisions and core team construction.

Dr. Wayne Wei-Ming Dai has over 40 years of experience in semiconductor design and corporate management. He was a professor in the department of computer engineering at the University of California, Santa Cruz. He was the founder and served as the chairman of the board, and chief executive officer of Ultima Interconnect Technology, Inc., a semiconductor design tool company and one of the predecessor companies to Celestry Design Technologies, Inc. He also acted as the co-chairman and chief technology officer of Celestry Design Technologies, Inc., a design services company, which was subsequently acquired by Cadence Design Systems, Inc.

Dr. Wayne Wei-Ming Dai obtained a bachelor’s degree in computer science and a doctoral degree in electrical engineering and computer science from the University of California, Berkeley in the United States in August 1983 and December 1988, respectively.

Mr. Wei-Jin Dai, aged 67, is the executive Director, chief strategy officer, executive vice president and general manager of IP Division of the Company. He joined the Group as a vice president in January 2016 and has been serving as a Director and vice president since March 2019 when the Company was converted into a joint stock company. He was appointed as the chief strategy officer in December 2024. Mr. Wei-Jin Dai was re-designated as an executive Director on March 30, 2026 with effect from the [REDACTED]. He is responsible for corporate strategic planning and overall management of the IP Division.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wei-Jin Dai has over 40 years of experience in managing business and product development. Prior to joining the Group, he acted as an engineer at Hewlett-Packard Company from 1985, and then held the positions in several semiconductor companies, including Quickturn Design Systems, Silicon Perspective Corporation and Cadence Design Systems. He then served as the director of the board and chief executive officer of Vivante Corporation from January 2007 to January 2016, where he oversaw the development of industry-leading GPU IP, VISION Processor IP, and Display IP products, before Vivante Corporation merged into the Group.

Mr. Wei-Jin Dai obtained a bachelor's degree and a master's degree in computer science from the University of California, Berkeley in December 1982 and December 1985, respectively.

Mr. Wang Yang (汪洋), aged 49, is the executive Director, chief operating officer and executive vice president of worldwide sales of the Company. He joined the Group in July 2006 and has successively served as a sales director and senior director since then. Mr. Wang has been serving as the vice president since March 2019. He was appointed as a Director in July 2025 and was re-designated as an executive Director on March 30, 2026 with effect from the [REDACTED]. He is responsible for managing the Company's overall business operation and worldwide sales team.

Mr. Wang has over 25 years of experience in business and technical development in semiconductor industry. Prior to joining the Group, he served as an engineer of Beijing BBEF Electronics Group Co., Ltd. (北京北廣電子集團有限責任公司) from 1998 to 2000. He then held the position of division manager at Beijing Linkair Communication Technology Co., Ltd. (北京方正連宇通信技術有限公司) from 2000 to 2003. Thereafter, he joined and subsequently led the application engineering team as a manager of DSP Solution Engineering Department of LSI Logic Corporation, Beijing Office from 2003 to 2006.

Mr. Wang obtained a bachelor's degree in electrical engineering from Tianjin University (天津大學) in the PRC in July 1998 and a master's degree in business administration from Beijing University of Posts and Telecommunications (北京郵電大學) in the PRC in December 2005. Mr. Wang has been a doctoral candidate in electronic information at Tianjin University (天津大學) since September 2023.

Ms. Shi Wenli (石雯麗), aged 46, is the executive Director, secretary of the Board, company secretary and senior vice president of human resources and administration of the Company. She joined the Group in July 2003 and has held various positions within the human resources and administration department, including assistant, supervisor, manager, director and vice president. She has also served as the supervisor of the Company. Ms. Shi was appointed as a Director in July 2025 and was re-designated as an executive Director on March 30, 2026 with effect from the [REDACTED]. She is responsible for the Company's information disclosure, investor relations, corporate governance, talent strategy, organizational development and corporate culture building.

Ms. Shi obtained a bachelor's degree in administration and management from Shanghai University (上海大學) in the PRC in July 2003 and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) (“CEIBS”) in the PRC in September 2025.

Non-Executive Directors

Ms. Chen Hong (陳洪), aged 57, is a non-executive Director of the Company. She joined the Group as a Director in November 2019 and was re-designated as a non-executive Director on March 30, 2026 with effect from the [REDACTED]. She is primarily responsible for providing advice on the operation and management of the Group.

Ms. Chen has over 20 years of experience in corporate management and investment. She worked at Shanghai Fullhan Microelectronics Limited (上海富瀚微電子有限公司) (currently known as Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300613)) from March 2004 to March 2008. Then, she worked at Shanghai Fanmei Clothing Co., Ltd. (上海凡美服飾有限公

DIRECTORS AND SENIOR MANAGEMENT

司) from June 2008 to January 2012, held the position of deputy general manager of Shanghai Caiyun Trading Co., Ltd. (上海才雲貿易有限公司) from February 2012 to May 2014, and acted as a deputy general manager of 981 Health Technology Group Co., Ltd. (玖捌壹健康科技集團有限公司) from June 2014 to January 2017. She has been serving as a chairman assistant of Shenzhen JiaDaoGu Investment Management Co., Ltd. (深圳嘉道谷投資管理有限公司) since February 2017.

Ms. Chen graduated from Nanjing University (南京大學) in the PRC majoring in math in July 1990, a MBA degree from Wuhan University (武漢大學) in the PRC in June 2000, and an EMBA degree from CEIBS in September 2009.

Mr. Chen Xiaofei (陳曉飛), aged 50, is a non-executive Director of the Company. He joined the Group as a Director in March 2019 and was re-designated as a non-executive Director on March 30, 2026 with effect from the [REDACTED]. He is primarily responsible for providing advice on the operation and management of the Group.

Mr. Chen has over a decade of experience in corporate management and investment. He has been serving as a chairman of Shanghai Xingcheng Investment Management Co., Ltd. (上海興橙投資管理有限公司) since August 2015, a director of Primarius Technologies Co., Ltd. (上海概倫電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688206), since October 2020, a chairman of Guangzhou Zen Semiconductor Corporation (廣州增芯科技有限公司) since April 2021, a director of Guangzhou Guanggang Gases & Energy Co., Ltd. (廣州廣鋼氣體能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688548), since July 2021 and a chairman of Guangdong Yuehai Integrated Technology Co., Ltd. (廣東越海集成技術有限公司) since March 2022.

Mr. Chen obtained a bachelor's degree and a master's degree in economics from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 1998 and December 2002, respectively.

Mr. Sun Guodong (孫國棟), aged 49, is a non-executive Director of the Company. He joined the Group as a Director in September 2021 and was re-designated as a non-executive Director on March 30, 2026 with effect from the [REDACTED]. He is primarily responsible for providing advice on the operation and management of the Group.

Mr. Sun has over a decade of experience in corporate management and investment. He was appointed as the general manager of the human resources department of Sino-IC Capital Co., Ltd. (華芯投資管理有限責任公司) in December 2014 and subsequently served as a general manager of its Shanghai branch. He has been serving as a non-executive director of Hua Hong Semiconductor Limited (華虹半導體有限公司), a company listed on the Stock Exchange (stock code: 1347) and Shanghai Stock Exchange (stock code: 688347), since December 2020.

Mr. Sun obtained a bachelor's degree in computer application from Beijing Institute of Technology (北京理工大學) in the PRC in July 2000 and a master's degree in business administration from Central University of Finance and Economics (中央財經大學) in the PRC in June 2010. He also holds licenses as an intermediate economist (中級經濟師) and an intermediate engineer certified by Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in November 2004 and November 2005, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Cai Hong Ping (蔡洪平), aged 72, is an independent non-executive Director of the Company. He was appointed as an independent non-executive Director on March 30, 2026 with effect from the [REDACTED]. Mr. Cai is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Cai has over 30 years of experience in investment banking and capital markets. Mr. Cai served as the general manager of the investment banking division of Peregrine Asia from January 1996 to January 1998 and worked in the investment banking division of BNP Paribas Capital (Asia Pacific) Limited (法國巴黎資本(亞太)有限公司) from April 2003 to March 2006. He then served as the chairman of UBS AG in Asia from March 2007 to July 2010, and the executive chairman of Deutsche Bank in the Asia Pacific region from September 2010 to March 2015. Mr. Cai also served as an independent non-executive director of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the Stock Exchange (stock code: 670) and the Shanghai Stock Exchange (stock code: 600115), from June 2016 to April 2024, an independent non-executive director of COSCO Shipping Development Co., Ltd. (中遠海運發展股份有限公司), a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866), from June 2016 to February 2023, a supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company listed on the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036), from June 2022 to December 2025, and an independent non-executive director of China Southern Airlines Company Limited (中國南方航空股份有限公司), a company listed on the Stock Exchange (stock code: 1055) and the Shanghai Stock Exchange (stock code: 600029), from December 2022 to July 2024.

Mr. Cai has been serving as the chairman and founding partner of AGIC Capital (漢德資本) since April 2015, an independent director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600000), since December 2019, an independent non-executive director of BYD Company Limited (比亞迪股份有限公司), a company listed on the Stock Exchange (stock code: 1211) and the Shenzhen Stock Exchange (stock code: 002594), since September 2020, and an independent non-executive of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司), a company listed on the Stock Exchange (stock code: 966), since December 2024.

Mr. Cai obtained a bachelor's degree in mass communications from Fudan University (復旦大學) in the PRC in July 1988.

Dr. Huang Sheng (黃生), aged 49, is an independent non-executive Director of the Company. He has been an independent Director of the Company since July 2025 and was re-designated as an independent non-executive Director on March 30, 2026 with effect from the [REDACTED]. Dr. Huang is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Huang has over 25 years of experience in finance research and education. He started his work as a project officer of Peking University Education Foundation (北京大學教育基金會). He held the position of assistant professor of finance at Lee Kong Chian School of Business of Singapore Management University (新加坡管理大學李光前商學院) from July 2009 to June 2017, and has been serving as a professor of finance, associate dean, director of EMBA program and director of CEIBS research center for corporate and capital markets since July 2017. Dr. Huang served as an independent director of China Reform Culture Holdings Co., Ltd. (國新文化控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600636), from February 2018 to June 2024, and an independent director of Beijing Zhidamai Technology Co., Ltd. (北京值得買科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300785), from October 2021 to May 2025. Concurrently, he has been serving as an independent director of Bank Sinopac (China) Ltd. (永豐銀行(中國)有限公司) since July 2020, an independent director of Haier Biomedical Co., Ltd. (青島海爾生物醫療股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688139), since July 2024, and an independent director of 3PEAK Incorporated (思瑞浦微電子科技(蘇州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688536), since January 2025.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Huang obtained the dual bachelor’s degree in history and economics from Peking University (北京大學) in the PRC in July 1999, a master’s degree in economics from University of Cambridge in the United Kingdom in October 2003 and a doctoral degree in economics from Washington University in St. Louis in the United States in May 2009.

Dr. Huang possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that he has gained such expertise through his previous experiences, including (i) serving as an independent director and a chairman and member of the audit committee of companies listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange including Beijing Zhidemai Technology Co., Ltd., 3PEAK Incorporated and Haier Biomedical Co., Ltd., during which Dr. Huang has been responsible for, among other things, reviewing the financial statements and accounting policies, monitoring and evaluating the external and internal audit work and internal control of the listed companies, making recommendations on the appointment and replacement of external audit firms through deliberations at the periodic board meetings and committee meetings reviewing and approving annual and interim financial statements, and discussions with the management, other members of the audit committee as well as the external auditors of such companies from time to time, and (ii) lecturing on and teaching courses related to corporate investment and financing, and integration of industry and finance as a professor of finance, associate dean, director of EMBA program and director of CEIBS research center for corporate and capital markets. Based on the foregoing, Dr. Huang has accumulated in-depth practical knowledge and extensive experience in supervising and monitoring the financial reporting, internal control and other accounting-related matters of listed issuers, and gained accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules.

Dr. Li Ting Wei, aged 64, is an independent non-executive Director of the Company. He has been an independent Director of the Company since July 2025 and was re-designated as an independent non-executive Director on March 30, 2026 with effect from the [REDACTED]. Dr. Li Ting Wei is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Li Ting Wei has over 25 years of experience in semiconductor and corporate management. He began to serve as a technical representative of Lucent Technologies from April 1998. He then held the position of senior director of business development of Qualcomm Incorporated from August 2002 to May 2010, the general manager of China of Marvell Technology, Inc. from June 2010 to July 2013, a senior vice president of global sales and president of Greater China of Broadcom Inc. from July 2013, subsequently, a vice president of global sales of Goertek Inc. (歌爾股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002241), and later the senior vice president of global sales and chairman of Greater China of NXP Semiconductors N.V.. He then served as an independent director of Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600895), from June 2021 to August 2024. He has been serving as the director of SeeYA Technology Corp. (視涯科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688781), since September 2023. He was appointed as the vice general manager of Suzhou Dongshan Precision Manufacturing Co., Ltd. (蘇州東山精密製造股份有限公司) since March 2026.

Dr. Li Ting Wei obtained a bachelor’s degree in applied physics from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1982, a master’s degree in engineering from Shanghai Institute of Metallurgy, Chinese Academy of Sciences (中國科學院上海冶金所) (currently known as Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences (中國科學院上海微系統與信息技術研究所)) in the PRC in September 1988 and a doctoral degree in physics from Leiden University in the Netherlands in December 1995.

Dr. Dahong Qian, aged 61, is an independent non-executive Director of the Company. He has been an independent Director of the Company since July 2025 and was re-designated as an independent non-executive Director on March 30, 2026 with effect from the [REDACTED]. Dr. Dahong Qian is primarily responsible for supervising and providing independent opinion and judgment to the Board.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Dahong Qian has extensive experience in semiconductor design and biomedical engineering. He was the chief executive officer of Accel Semiconductor from 2004 to 2010 and held the position of vice president of system engineering at OmniVision Technologies, Inc. from 2010 to 2013. He then served as a professor at Institute of Translational Medicine, School of Medicine of Zhejiang University (浙江大學) from 2013 and has been serving as a professor at School of Biomedical Engineering of Shanghai Jiao Tong University (上海交通大學) and director of Institute of Advanced Medical Chips (先進醫療芯片研究所) since May 2017. He has also been serving as a chairman of the board of Shanghai Aimic Medical Electronics Co., Ltd. (聚交芯創醫療電子(上海)有限公司) since January 2024.

Dr. Dahong Qian obtained a bachelor’s degree in scientific instrumentation from Zhejiang University (浙江大學) in the PRC in July 1988, a master’s degree in engineering from University of Texas at Austin in the United States in December 1991 and a doctoral degree in computer science from Harvard University in the United States in November 2002.

Mr. Sun Jiangang (孫建綱), aged 43, is an independent non-executive Director of the Company. He has been an independent Director of the Company since July 2025 and was re-designated as an independent non-executive Director on March 30, 2026 with effect from the [REDACTED]. Mr. Sun is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Sun has nearly 20 years of experience in legal practice. He has been successively serving as an associate, partner and party committee member of JunHe LLP Shanghai branch (君合律師事務所上海分所) since 2006.

Mr. Sun obtained a bachelor’s degree in law from East China University of Political Science and Law (華東政法大學) in the PRC in July 2005, a master’s degree in law from Shanghai Academy of Social Sciences (上海社會科學院) in the PRC in June 2009, a master’s degree in law from University of California, Berkeley in the United States in August 2018 and a master’s degree in business administration from CEIBS in the PRC in July 2025. Mr. Sun has been a doctoral candidate in law at Fudan University (復旦大學) since September 2025. Mr. Sun also obtained the PRC Legal Professional Qualification Certificate (中華人民共和國法律職業資格證書) issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in February 2008.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The Group’s senior management team is responsible for the day-to-day management and operation of its business. The executive Directors are also members of the Group’s senior management. For their biographies, see “— Directors — Executive Directors” above.

Name	Age	Position	Time of joining the Group	Time of appointment as a member of senior management since Conversion into a Joint Stock Company	Roles and responsibilities
Dr. Wayne Wei-Ming Dai .	70	Chairman, Executive Director, Chief Executive Officer, President	August 2001	March 2019	Overall responsible for the Company’s strategic development and overall business layout, coordinating major operational decisions and core team construction
Mr. Wei-Jin Dai .	67	Executive Director, chief strategy officer, executive vice president and general manager of IP Division	January 2016	March 2019	Responsible for corporate strategic planning and overall management of the IP Division
Mr. Wang Yang (汪洋)	49	Executive Director, chief operating officer and executive vice president of worldwide sales	July 2006	March 2019	Responsible for managing the Company’s overall business operation and worldwide sales team
Ms. Shi Wenli (石雯麗)	46	Executive Director, secretary of the Board, company secretary and senior vice president of human resources and administration	July 2003	July 2025	Responsible for the Company’s information disclosure, investor relations, corporate governance, talent strategy, organizational development and corporate culture building
Mr. Wang Zhiwei (汪志偉)	52	Executive vice president and general manager of custom silicon platform division	September 2019	October 2020	Responsible for the overall management of Custom Silicon Platform Division
Ms. Zhao Chunrong (趙春蓉)	43	Chief financial officer	December 2010	July 2025	Overall responsible for the Company’s financial management and the construction of financial system

Dr. Wayne Wei-Ming Dai, aged 70, is the Chairman, executive Director, Chief Executive Officer, President of the Company. For details of his biography, see “— Directors — Executive Directors” above.

Mr. Wei-Jin Dai, aged 67, is the executive Director, chief strategy officer, executive vice president and general manager of IP Division of the Company. For details of his biography, see “— Directors — Executive Directors” above.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yang (汪洋), aged 49, is the executive Director, chief operating officer and executive vice president of worldwide sales of the Company. For details of his biography, see “— Directors — Executive Directors” above.

Ms. Shi Wenli (石雯麗), aged 46, is the executive Director, secretary of the Board, company secretary and senior vice president of human resources and administration of the Company. For details of her biography, see “— Directors — Executive Directors” above.

Mr. Wang Zhiwei (汪志偉), aged 52, is the executive vice president and general manager of custom silicon platform division of the Company. He joined the Group in September 2019 and has been serving as the vice president since October 2020. Mr. Wang is responsible for the overall management of Custom Silicon Platform Division.

Mr. Wang has over 25 years of experience in System-on-Chip industry. Prior to joining the Group, he worked at Shanghai Baud Data Communication Co., Ltd. (上海博達數據通信有限公司) from July 2000 to December 2001. He then worked at Accton Continental Technology Co., Ltd. (智邦大陸科技有限公司) from January 2002, subsequently at Micronas Semiconductor R&D (Shanghai) Co., Ltd. (微開半導體研發(上海)有限公司) until December 2006, and at Broadcom Communication Technology (Shanghai) Co., Ltd. (美博通通信技術(上海)有限公司) until August 2011. He served as a senior director of software at Marvell Electronic Technology (Shanghai) Co., Ltd. (美滿電子科技(上海)有限公司) (now known as Marvell Technology (Shanghai), Ltd. (邁威遜電子科技(上海)有限公司)) from August 2011 to May 2017, a vice president of research and development of Yuneec International Co., Ltd. (優利國際有限公司) from February 2017, and then became its director since October 2017.

Mr. Wang obtained a bachelor's degree in computer software from Sichuan University (四川大學) in the PRC in July 1995 and a master's degree in computer science from Zhejiang University (浙江大學) in the PRC in March 2000.

Ms. Zhao Chunrong (趙春蓉), aged 43, is a chief financial officer of the Company. She joined the Group in December 2010 and has successively served as a finance manager, senior manager, director, senior director and vice president of finance department since then. She has been serving as a chief financial officer since July 2025. Ms. Zhao is overall responsible for the Company's financial management and the construction of financial system.

Ms. Zhao has over 20 years of experience in accounting. Prior to joining the Group, she served as an auditor of KPMG Huazhen LLP (畢馬威華振會計師事務所) from August 2005 to December 2010.

Ms. Zhao obtained a bachelor's degree in international accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2005. She obtained licenses as the Fellow of Chartered Certified Accountant (FCCA) certified by the Association of Chartered Certified Accountants in December 2013 and senior accountant (高級會計師) admitted by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2024.

JOINT COMPANY SECRETARIES

Ms. Shi Wenli (石雯麗) has been appointed as the joint company secretary of the Company. For details of her biography, see “— Directors — Executive Directors” above.

Ms. Cheung Hin Kiu (張顯翹) has been appointed as the joint company secretary of the Company. Ms. Cheung is a senior manager of corporate secretarial services at Tricor Services Limited. Ms. Cheung is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Association of Chartered Certified Accountants.

OTHER INFORMATION

Rule 3.09D of the Listing Rules

Each of the Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 10, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

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

Rule 8.10(2) of the Listing Rules

Each of the Directors (other than the independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she was not interested in any business, apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business under Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments to the Board. The Audit Committee comprises Dr. Huang Sheng, Ms. Chen Hong and Mr. Sun Jiangang, with Dr. Huang Sheng as the chairperson.

Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rules 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession and to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Sun Jiangang, Ms. Chen Hong and Dr. Huang Sheng, with Mr. Sun Jiangang as the chairperson.

Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. Li Ting Wei, Dr. Dahong Qian and Ms. Shi Wenli, with Dr. Li Ting Wei as the chairperson.

Strategy and ESG Committee

The Board has established the Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee are to make recommendations to the Board on the Group’s long-term development strategies, major investment decisions, sustainable development and ESG affairs. The Strategy and ESG Committee comprises Dr. Wayne Wei-Ming Dai, Mr. Cai Hong Ping and Dr. Li Ting Wei and Mr. Sun Guodong, with Dr. Wayne Wei-Ming Dai as the chairperson.

DIRECTORS AND SENIOR MANAGEMENT

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company intends to comply with the code provisions in Part 2 of the Corporate Governance Code after the [REDACTED] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Dr. Wayne Wei-Ming Dai, performs both the roles of the Chairman and Chief Executive Officer in the Company. The Board believes that, in view of his experience, personal profile and understanding of the Group’s business operations as detailed in his biography above, Dr. Wayne Wei-Ming Dai is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive to Dr. Wayne Wei-Ming Dai can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Board Diversity

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

The Board currently consists of two female and ten male Directors ranging from 43 to 72 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including computer science, electrical engineering, physics, math, accounting, law, economics and business administration. Taking into account the Group’s existing business model and specific needs, as well as the diverse background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to the Board for consideration and approval. The Nomination Committee will also include a summary of the board diversity policy in the annual reports.

REMUNERATION

The Directors and senior management of the Company receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based payment and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the total remuneration paid to the Directors amounted to RMB9.2 million, RMB10.8 million, RMB27.5 million, respectively. None of the Directors waived or agreed to waive any emolument during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

Under the arrangements in force as of the date of this document, the Company estimates the total remuneration (excluding share-based payment) payable to, and benefits in kind receivable by, the Directors by the Group for the year ended December 31, 2026 to be approximately RMB18.9 million.

The five highest paid individuals of the Group for the years ended December 31, 2023, 2024 and 2025 included two, two and four Directors, respectively. During the same year, the aggregate amount of remuneration of the five highest paid individuals was RMB18.6 million, RMB18.2 million and RMB29.9 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or received by, the Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Save as disclosed above, no other payments have been made or are payable by the Group to the Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Altus Capital Limited as the Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide the Company with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will, amongst other things, advise the Company in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (iii) where the Group proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of the Group deviate from any forecast, estimate, or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), each of the following persons will have an interest or short position (as applicable) 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, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

Name of the substantial Shareholder	Nature of Interest	Description of Shares	Number of Shares directly or indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date ⁽¹⁾	Shareholding upon completion of the [REDACTED] ⁽²⁾	
					Approximate percentage of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital of our Company
VeriSilicon Limited ⁽³⁾	Beneficial owner	A Share (L)	59,907,001	11.39%	11.39%	[REDACTED]%
Wealth Strategy ⁽⁴⁾	Beneficial owner	A Share (L)	34,454,307	6.55%	6.55%	[REDACTED]%
National IC ⁽⁵⁾	Beneficial owner	A Share (L)	28,373,381	5.40%	5.40%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of 525,915,273 Shares in issue as of the Latest Practicable Date.
- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes).
- (3) As of the Latest Practicable Date, VeriSilicon Limited is our offshore ESOP platform and none of the shareholders of VeriSilicon Limited controlled 30% or more of its equity interest and voting rights thereof. Dr. Wayne Wei-Ming Dai was interested in 22.81% of the share capital in VeriSilicon Limited, Mr. Wei-Jin Dai was interested in 15.50% of the share capital in VeriSilicon Limited, and Ms. Weili Dai, the sibling of Dr. Wayne Wei-Ming Dai and Mr. Wei-Jin Dai, was interested in 26.43% of the share capital in VeriSilicon Limited. The shareholdings of Dr. Wayne Wei-Ming Dai, Mr. Wei-Jin Dai and Ms. Weili Dai include shares (i) held directly or indirectly by each of them and/or their spouse, and (ii) held by the family trust established by each of them and/or their spouse in favor of his/her family.
- (4) As of the Latest Practicable Date, Wealth Strategy is a company incorporated in Hong Kong and wholly owned by Wealth Strategy Group Limited, an investment company incorporated in the British Virgin Islands, which is wholly owned by Mr. Kung Hung Ka (龔虹嘉).
- (5) As of the Latest Practicable Date, National IC was owned as to approximately 36.47% by Ministry of Finance of the PRC and none of the remaining 15 shareholders held more than 25% of its equity interest.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of the Company was RMB525,915,273, comprising 525,915,273 A Shares of nominal value RMB1.00 each, all of which are listed on the Shanghai Stock Exchange STAR Market.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue ⁽¹⁾	525,915,273	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note:

(1) Including 287,000 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is exercised in full and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue ⁽¹⁾	525,915,273	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note:

(1) Including 287,000 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

THE SHARES

Upon the completion of the [REDACTED], the Shares of the Company will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in Chinese mainland, the qualified investors in Chinese mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if the H Shares are eligible securities for that purpose) and other persons who are entitled to hold the H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese mainland.

SHARE CAPITAL

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. The A Shares can be traded by investors in Chinese mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As the A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If the H Shares are eligible securities under the Southbound Trading Link, they can also be traded by investors in Chinese mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of the A Shares and H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请「全流通」业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Stock Exchange.

RANKING

The A Shares and H Shares are regarded as one class of Shares under the Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

The Company obtained its A Shareholders’ approval to issue H Shares and seek the [REDACTED] of H Shares on the Stock Exchange at the extraordinary general meeting of the Company held on March 30, 2026. Such approval is subject to the following conditions:

- (i) *Size of the offer.* The proposed number of H Shares to be offered shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be offered initially under the [REDACTED].
- (ii) *Method of offering.* The method of offering shall be by way of an international [REDACTED] to institutional investors and a public [REDACTED] for subscription in Hong Kong.
- (iii) *Target investors.* The H Shares shall be issued to public investors in Hong Kong under the [REDACTED] and international investors, qualified domestic institutional investors in Chinese mainland and other investors who are approved by Chinese mainland regulatory bodies to invest abroad in the [REDACTED].
- (iv) *Price determination basis.* The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of the Company, acceptance of investors and the risks related to the [REDACTED], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.
- (v) *Validity period.* The issue of H Shares and [REDACTED] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the Shareholders’ meeting was held on March 30, 2026.

As of the Latest Practicable Date, there is no other approved offering plan for the Shares except the [REDACTED].

SHARE CAPITAL

GENERAL MEETINGS

For details of circumstance under which general meetings of the Company are required, see “Summary of the Articles of Association — Shareholders and Shareholders’ Meetings” in Appendix III to this document.

RESTRICTED A SHARE INCENTIVE SCHEMES

For details, see “Appendix IV — Statutory and General Information — Restricted A Share Incentive Schemes” of this document.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see “Business — Our Growth Strategies.”

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expense in connection with the [REDACTED] (assuming the [REDACTED] is not exercised). We intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]% (HK\$[REDACTED]) to invest in R&D for key technologies and core business. Specifically:
 - o approximately [REDACTED]% (HK\$[REDACTED]) will be used over the next five to ten years to recruit, train and retain R&D talent, including campus hires and senior professionals, so as to further expand and upgrade our IP portfolio and adapt our IPs to AI-era application scenarios. In particular, we intend to iteratively optimize and enhance, among others, our GPGPU IP, AI-ISP IP, AI-DSP IP, AI-Video IP, AI-Display IP, high-speed interface IP, Die-to-Die interface IP for Chiplet-based architectures, wireless communication RF IP, automotive-grade IP, and ultra-low energy IP series for edge AI applications;
 - o approximately [REDACTED]% (HK\$[REDACTED]) will be used over the next five to ten years to recruit, train and retain R&D talent, including campus hires and senior professionals, in order to: (1) extend our custom silicon platforms from cloud AI to edge AI deployments by developing and iterating custom silicon platforms for edge-side AI devices such as AI smartphones, AI PC, AI Pads, AI glasses, AI toys, AI rings, intelligent vehicles, robotics and other physical AI applications, as well as for digital therapeutics, braincomputer interface and other healthcare applications; and (2) extend our custom silicon platforms from SoC to SiP by developing and iterating Chiplet based platform architectures, and building advanced packaging engineering capabilities, to meet evolving heterogeneous computing and intelligent driving requirements;
 - o approximately [REDACTED]% (HK\$[REDACTED]) will be used to procure R&D and engineering materials and equipment. Specifically, we intend to continue to purchase EDA tools, third-party IPs and other R&D related software; emulation, simulation and testing equipment; engineering wafers for R&D tape-outs etc;
 - o approximately [REDACTED]% (HK\$[REDACTED]) will be used to invest in R&D centers, including the acquisition of office premises;
- Approximately [REDACTED]% (HK\$[REDACTED]) will be used to further develop our global marketing network, expand and upgrade our regional sales and customer support capabilities, deepen cooperation with ecosystem partners in key segments, thereby further reinforcing our position in semiconductor industry value chain and our long-term sustainable development capabilities;

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% (HK\$[REDACTED]) will be used for strategic investments and/or acquisitions that are synergistic with our core business and enhance our IP portfolio, service offering and market access. We may selectively pursue minority investments, majority acquisitions or full integrations. The use of [REDACTED] may cover target evaluation, transaction execution and post-investment integration.

As of the Latest Practicable Date, we have not identified any specific targets nor entered into any definitive agreements; deployment will be contingent upon valuation, diligence and regulatory approvals.

- Approximately [REDACTED]% (HK\$[REDACTED]) for working capital and other general corporate purposes, including day-to-day operations and general corporate expenditures, to provide financial flexibility amid business growth.

The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be HK\$[REDACTED]. In the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the range of the [REDACTED] stated in this Document, the net [REDACTED] from the [REDACTED] will be allocated to the above purposes on a pro rata basis.

In the event that certain parts of our development plans are hindered due to factors such as changes in government policies or force majeure events, our directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED]. Should there be any significant changes to the intended use of [REDACTED], we will make appropriate disclosures in accordance with the Hong Kong Listing Rules.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit 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 applicable laws and regulations in other jurisdiction). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to [I-[●]], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF VERISILICON MICROELECTRONICS (SHANGHAI) CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED. AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of VeriSilicon Microelectronics (Shanghai) Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [I-4] to [I-[●]], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the “**Track Record Period**”) and material accounting policies information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [I-4] to [I-[●]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibilities 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 of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ 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 of the Company, 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.

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ACCOUNTANTS’ REPORT

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 at December 31, 2023, 2024 and 2025, of the Company’s financial position as at 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 16 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

APPENDIX I

ACCOUNTANTS’ REPORT

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, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
	<i>notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	2,328,953	2,316,976	3,148,403
Cost of sales		(1,289,294)	(1,392,953)	(2,074,688)
Gross profit		1,039,659	924,023	1,073,715
Other income	8	66,859	61,380	63,997
Other gains and losses	9	(405)	19,586	12,239
Research and development (“R&D”) expenses		(947,223)	(1,247,302)	(1,312,692)
Administrative expenses		(121,771)	(125,381)	(147,006)
Selling and marketing expenses		(114,853)	(119,983)	(127,208)
Other expense		(10,079)	(8,727)	(7,929)
Impairment losses under expected credit loss (“ECL”) model, net of reversal	11	(125,475)	(43,627)	(27,144)
Share of results of associates		(32,757)	(5,686)	113
Finance costs	10	(23,179)	(36,166)	(41,355)
Loss before tax		(269,224)	(581,883)	(513,270)
Income tax expense	12	(27,243)	(18,996)	(14,543)
Loss for the year	13	(296,467)	(600,879)	(527,813)
Other comprehensive (expense) income				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations		(569)	(2,118)	1,162
Total comprehensive expense for the year		(297,036)	(602,997)	(526,651)
Loss per share (<i>RMB</i>)	17			
– Basic and diluted		(0.59)	(1.20)	(1.03)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At December 31,		
	notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property and equipment	18	539,410	751,964	742,205
Right-of-use assets	19	43,887	78,560	74,742
Goodwill	20	179,046	181,673	177,706
Other intangible assets	21	399,805	523,515	597,790
Investments in associates	23	5,057	1,000	1,148
Financial assets at fair value through profit or loss ("FVTPL")	24	199,634	201,123	232,484
Time deposits	26	—	—	20,411
Trade, bills and other receivables and prepayment	27	321,598	253,828	184,937
		1,688,437	1,991,663	2,031,423
CURRENT ASSETS				
Inventories	25	278,623	395,515	497,983
Trade, bills and other receivables and prepayment	27	1,230,080	1,055,933	1,721,933
Contract assets	28	95,979	245,161	353,328
Tax recoverable		24,352	82,375	131,277
Financial assets at FVTPL	24	400,130	112,276	923,813
Restricted bank balances	26	3,527	104,101	1,089
Time deposits	26	—	—	50,287
Cash and cash equivalents	26	685,253	642,835	2,006,425
		2,717,944	2,638,196	5,686,135
CURRENT LIABILITIES				
Trade and other payables	30	360,489	550,630	770,545
Borrowings	31	94,754	311,694	442,886
Lease liabilities	32	20,393	37,351	35,430
Provisions	33	13,434	12,724	12,063
Contract liabilities	34	453,522	606,777	1,258,496
Deferred income	35	4,118	20,584	2,291
Income tax payable		3,286	7,479	4,983
		949,996	1,547,239	2,526,694
NET CURRENT ASSETS		1,767,948	1,090,957	3,159,441
TOTAL ASSETS LESS CURRENT LIABILITIES				
		3,456,385	3,082,620	5,190,864

APPENDIX I

ACCOUNTANTS’ REPORT

		At December 31,		
	<i>notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Trade and other payables	30	40,996	83,221	39,393
Borrowings	31	659,611	832,553	1,124,313
Lease liabilities	32	22,266	44,528	39,652
Contract liabilities	34	33,219	—	—
Puttable shares liability	36	—	—	570,000
		756,092	960,302	1,773,358
NET ASSETS		2,700,293	2,122,318	3,417,506
CAPITAL AND RESERVES				
Share capital	38	499,911	500,355	525,858
Treasury shares	38	—	—	(24,836)
Reserves	39	2,200,382	1,621,963	2,916,484
TOTAL EQUITY		2,700,293	2,122,318	3,417,506

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At December 31,		
	notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property and equipment	18	35,111	56,109	63,968
Right-of-use assets	19	14,566	36,688	33,738
Other intangible assets	21	221,833	263,492	399,966
Investments in associates	23	5,057	1,000	1,148
Investments in subsidiaries	23	834,049	835,660	1,441,837
Financial assets at FVTPL		182,739	184,228	193,580
Time deposits	26	–	–	20,411
Trade, bills and other receivables and prepayment	27	98,975	237,679	85,182
		1,392,330	1,614,856	2,239,830
CURRENT ASSETS				
Inventories	25	58,404	196,213	173,680
Trade, bills and other receivables and prepayment	27	1,716,956	1,470,380	2,295,134
Contract assets	28	77,040	191,337	271,402
Tax recoverable		16,012	62,737	109,293
Financial assets at FVTPL		300,043	80,144	891,801
Restricted bank balances	26	–	100,000	2
Time deposits	26	–	–	50,287
Cash and cash equivalents	26	395,773	480,893	867,352
		2,564,228	2,581,704	4,658,951
CURRENT LIABILITIES				
Trade and other payables	30	318,595	577,942	613,103
Borrowings	31	58,366	247,039	366,111
Lease liabilities		10,520	23,677	20,703
Provisions		4,888	4,268	4,154
Contract liabilities	34	174,384	282,961	873,708
Deferred income		1,668	18,184	2,291
		568,421	1,154,071	1,880,070
NET CURRENT ASSETS		1,995,807	1,427,633	2,778,881
TOTAL ASSETS LESS CURRENT LIABILITIES				
		3,388,137	3,042,489	5,018,711

APPENDIX I

ACCOUNTANTS’ REPORT

		At December 31,		
	<i>notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Borrowings	31	359,441	597,023	965,588
Derivative liabilities at FVTPL . .	37	–	–	216,798
Lease liabilities		4,002	16,794	13,846
Contract liabilities	34	33,219	–	–
Trade and other payables	30	3,387	6,361	15,434
		400,049	620,178	1,211,666
NET ASSETS		2,988,088	2,422,311	3,807,045
CAPITAL AND RESERVES				
Share capital	38	499,911	500,355	525,858
Treasury shares	38	–	–	(24,836)
Reserves	47	2,488,177	1,921,956	3,306,023
TOTAL EQUITY		2,988,088	2,422,311	3,807,045

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Share premium	Treasury shares	Translation reserve	Share-based payments reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	497,751	3,824,256	–	(48,829)	153,033	(1,518,991)	2,907,220
Loss for the year	–	–	–	–	–	(296,467)	(296,467)
Other comprehensive expense for the year	–	–	–	(569)	–	–	(569)
Total comprehensive expense for the year	–	–	–	(569)	–	(296,467)	(297,036)
Exercise of share-based payment	2,160	159,569	–	–	(78,043)	–	83,686
Recognition of equity-settled share-based payments . . .	–	–	–	–	3,605	–	3,605
Others	–	2,818	–	–	–	–	2,818
At December 31, 2023	499,911	3,986,643	–	(49,398)	78,595	(1,815,458)	2,700,293
Loss for the year	–	–	–	–	–	(600,879)	(600,879)
Other comprehensive expense for the year	–	–	–	(2,118)	–	–	(2,118)
Total comprehensive expense for the year	–	–	–	(2,118)	–	(600,879)	(602,997)
Exercise of share-based payment	444	36,535	–	–	(19,877)	–	17,102
Recognition of equity-settled share-based payments . . .	–	–	–	–	7,290	–	7,290
Others	–	630	–	–	–	–	630
At December 31, 2024	500,355	4,023,808	–	(51,516)	66,008	(2,416,337)	2,122,318
Loss for the year	–	–	–	–	–	(527,813)	(527,813)
Other comprehensive income for the year	–	–	–	1,162	–	–	1,162
Total comprehensive income(expense) for the year	–	–	–	1,162	–	(527,813)	(526,651)
Issue of shares	24,860	1,755,402	–	–	–	–	1,780,262
Exercise of share-based payment	643	54,617	–	–	(30,494)	–	24,766
Recognition of equity-settled share-based payments . . .	–	–	–	–	41,613	–	41,613
Repurchase of shares	–	–	(24,836)	–	–	–	(24,836)
Others	–	34	–	–	–	–	34
At December 31, 2025	525,858	5,833,861	(24,836)	(50,354)	77,127	(2,944,150)	3,417,506

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
OPERATING ACTIVITIES			
Loss for the year	(296,467)	(600,879)	(527,813)
Adjustments for:			
Income tax	27,243	18,996	14,543
Finance cost	23,179	36,166	41,355
Interest income	(11,886)	(15,827)	(11,238)
Share of results of associates	32,757	5,686	(113)
Investment income from unlisted financial products at FVTPL	(2,246)	(5,157)	(8,479)
Depreciation of property and equipment	40,412	50,162	62,656
Depreciation of right-of-use assets	36,077	39,621	39,337
Amortization of intangible assets	109,500	150,058	164,357
Net impairment losses under ECL model	125,475	43,627	27,144
Write-down of inventories	3,548	1,747	3,451
Share-based payment expenses	3,605	7,290	41,613
Loss on disposal of property and equipment	90	—	—
Losses (gains) from changes in fair value of FVTPL	20,545	366	(32,898)
Net foreign exchange (gains) losses	(6,849)	(7,831)	8,732
Operating cash flows before movements in working capital	104,983	(275,975)	(177,353)
Decrease (increase) in inventories	140,332	(118,639)	(105,840)
(Increase) decrease in trade, bills and other receivables and prepayment	(45,628)	117,235	(659,100)
Decrease (increase) in contract assets	499	(153,905)	(113,167)
Decrease (increase) in tax recoverable	53,004	(57,947)	(45,350)
(Increase) decrease in restricted cash balances	(30)	(100,574)	3,012
Decrease in provisions	(3,932)	(710)	(661)
(Decrease) increase in trade and other payables	(151,169)	74,253	251,945
(Decrease) increase in contract liabilities	(92,914)	153,255	651,719
Increase (decrease) in deferred income	1,668	16,467	(18,293)
Cash used in operations	6,813	(346,540)	(213,088)
Interest received	(27,222)	(15,277)	(19,836)
Income tax paid	11,886	15,827	11,238
NET CASH USED IN OPERATING ACTIVITIES	(8,523)	(345,990)	(221,686)

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ACCOUNTANTS’ REPORT

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment	1	1	108
Proceeds from disposal of financial assets at FVTPL	2,246	5,157	7,781
Purchases of financial assets at FVTPL	(730,000)	(1,766,000)	(5,625,000)
Purchases of property and equipment	(42,239)	(41,131)	(61,062)
Purchases of intangible assets	(66,032)	(102,501)	(153,971)
Purchases of equity investments at FVTPL	(13,000)	(3,000)	–
Redemption of financial assets at FVTPL	430,000	1,954,000	4,915,000
Placement of time deposits	–	–	(70,000)
Development expenditure paid	(7,172)	–	(36,035)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(426,196)	46,526	(1,023,179)
FINANCING ACTIVITIES			
Interest paid	(16,752)	(26,529)	(33,077)
Repayments of borrowings	(23,332)	(107,381)	(321,250)
Repayments of lease liabilities	(40,923)	(38,178)	(45,460)
Repayments of trade and other payables	(73,956)	(90,655)	(86,245)
Proceeds from non-controlling interests	–	–	570,000
New bank loans raised	427,900	496,200	742,900
Proceeds from issue of shares	–	–	1,806,857
Proceeds from exercise of share-based payment	83,644	17,100	24,761
Transaction costs attributable to issue of shares	–	(2,426)	(22,757)
Payments on repurchase of shares	–	–	(24,836)
NET CASH FROM FINANCING ACTIVITIES	356,581	248,131	2,610,893
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(78,138)	(51,333)	1,366,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	761,884	685,253	642,835
Effect of foreign exchange rate changes	1,507	8,915	(2,438)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	685,253	642,835	2,006,425

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ACCOUNTANTS’ REPORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VeriSilicon Microelectronics (Shanghai) Co., Ltd. (the “**Company**” or “**VeriSilicon Shanghai**”), was incorporated in Shanghai, China on August 21, 2001. The Company’s shares were listed on Shanghai Stock Exchange on August 18, 2020. The Company does not have any ultimate controlling party. The respective address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the Document.

The Company engaged in providing Custom Silicon Solution Services and Semiconductor IP licensing service to customers.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB.

The statutory financial statements of the Company for each of the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Chinese Accounting Standards for Business Enterprises (“**CASBE**”) issued by the Ministry of Finance of the People’s Republic of China (“**PRC**”) and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the PRC.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRS Accounting Standards issued by International Accounting Standards Board (“**IASB**”), which are effective for the Group’s financial year beginning on January 1, 2025 throughout the Track Record Period.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and Measurement of Financial instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting	Annual Improvements to IFRS Accounting Standards Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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ACCOUNTANTS' REPORT

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 Track Record 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.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

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The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group’s interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term lease and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease.

The lease payments only include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “**lease modifications**”).

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value

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was determined. When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. 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 retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after January 1, 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income.”

Employee benefits

Retirement benefit costs

Payments to government managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Equity-settled share-based payment transactions

Restricted shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When restricted shares held by the employees are exercised after the vesting date, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the restricted

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shares are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the right of use assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

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 taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property and equipment assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis or accelerated method over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or

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portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated on a pro-rata basis based on the carrying amount of each asset in the unit of the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so 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 (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 26.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for turnkey services are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs direct labor and materials and an allocation of other costs that relate directly to fulfilling contracts.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instruments improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial assets and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade, bills and other receivables and prepayment, contract assets, restricted bank balances, time deposits and cash and cash equivalents) which are subjected to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL is assessed individually for customers with significant balances and those that are credit-impaired. For the remaining exposures, ECL is measured collectively using a provision matrix, which is estimated based on historical credit loss experience, past default patterns of debtors, the general economic conditions of the industries in which the debtors operate, and an assessment of current conditions at the reporting date, as well as forward-looking forecasts of future economic conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- The debtor's expected performance and repayment behavior have undergone significant changes;
- The Group's credit risk management approach for financial instruments has not changed.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and forward looking information including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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For collective assessment, the Group takes into consideration the following characteristics when formulating the group: credit risk rating, initial recognition date, remaining contract terms and geographical locations.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amounts of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘Other gains and losses’ line item (note 9) as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities or equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, other current liabilities, long term payables and borrowings are subsequently measured at amortized cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes and preferred shares, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability’s credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

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Financial liabilities at amortized cost

Financial liabilities including trade payables and other payables, borrowings and puttable shares liability are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the ‘Other gains and losses’ line item in profit or loss (note 9) as part of net foreign exchange gain/(loss) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates 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 the revision affects both current and future periods.

Critical accounting judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Capitalization of research and development expenditure

The Group’s research and development project successfully passed the critical chip verification test in January 2025, demonstrating that the technical conditions required for its development are feasible. Furthermore, all other capitalization criteria under IAS 38 have been met. Consequently, the Group commenced shifting from the research phase to the development phase in January 2025. Development expenditures that were previously recognized in profit or loss will not be subsequently re-recognized as assets.

Control over investee

The Group invested in a subsidiary, Tiansui Xinyuan Technology (Shanghai) Co., Ltd. (“TSXY”) together with third party co-investors in 2025. The Group holds a 40% equity interest in TSXY. Based on the analysis of investment agreement and the articles of association, management has concluded that the Group possesses the power to direct the relevant activities of TSXY, including decisions related to its operating and financial policies. In addition, the Group is entitled to variable returns from its involvement with TSXY and has the ability to affect those returns through its power over TSXY. As a result, the Group controls TSXY and has consolidated the entity in the consolidated financial statements. This conclusion is highly dependent on specific contractual arrangements and governance structures. Any changes to these agreements or arrangements could result in a change in the consolidation scope, which may have a material impact on the consolidated financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Revenue recognition from providing Non-Recurring Engineering (“NRE”) design service

The Group entered into various contracts with different customers. To determine the timing of fulfillment of performance obligations, management assesses and analyzes the terms of each contract. For Non-Recurring Engineering (“NRE”) design service contracts, management evaluates whether the Group has the right to payment for performance completed to date throughout the contract period, in order to determine whether the related performance obligations should be satisfied over time or at a point in time.

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The Group recognizes revenue from NRE design services over time based on the extent of progress toward satisfaction of the performance obligation, with the progress determined using an input method that reflects the Group’s efforts to fulfill the obligation. In determining the estimated total costs of a project, management makes judgments based on historical experience and the specific characteristics of the project, estimating the aggregate costs expected to be incurred upon completion. As the project progresses, the Group continuously reviews and updates these estimates. Changes in these estimates may have a significant impact on the measurement of fulfillment progress and, consequently, on the timing and amount of design service revenue recognized.

Impairment of goodwill

In conducting impairment testing of goodwill, the Group determines the recoverable amount of the cash-generating unit (CGU) or group of CGUs that include the goodwill. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, which is the present value of the CGU’s estimated future cash flows. To calculate the present value of future cash flows for a CGU or group of CGUs, management must make projections of future cash flows attributable to the CGU and determine an appropriate pre-tax discount rate. The estimation of the recoverable amount of goodwill is highly judgmental and depends on key assumptions made by management, including projected future cash flows and the selection of the discount rate. If actual future cash flows are lower than projected, or if other events or changes in circumstances lead to downward revisions in expected cash flows, the Group may be required to recognize a significant impairment loss on goodwill. Such estimates are inherently uncertain and subject to change, and any material adverse deviation from assumptions could have a material impact on the financial statements.

Estimated useful life and residual balance of property and equipment and intangible assets

The Group determines the useful lives and residual values of its property and equipment and intangible assets based on historical experience with assets of similar nature and function. These estimates are inherently judgmental and require periodic review at each reporting date. For intangible assets, estimates may be significantly influenced by external factors such as technological innovation and competitive pressures arising from intense industry dynamics. If the expected useful life or residual value is determined to be shorter or lower than previously estimated, the Group revises the depreciation or amortization expense prospectively to reflect the updated assumptions. In addition, the Group may accelerate the depreciation or amortization of assets, or dispose of and retire those that have become technologically obsolete. Such revisions ensure that the carrying amounts of both tangible and intangible assets are appropriately aligned with the expected pattern and duration of economic benefits, and that any decline in value is recognized in a timely and accurate manner.

Estimated impairment of long-lived assets

The Group performs impairment testing on long-term non-financial assets whenever there are indicators of impairment. If the impairment test indicates that the recoverable amount of an asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized for the difference. The recoverable amount is determined as the higher of fair value less costs of disposal and value in use. In estimating the value in use, management projects the future cash flows expected to be derived from the asset or cash-generating unit and discounts these cash flows to their present value using an appropriate pre-tax discount rate. When determining fair value less costs of disposal, fair value is based on the price that market participants would receive in an orderly transaction to sell the asset at the measurement date. These estimates and assumptions, particularly future cash flows, discount rates, and fair value measurements, require significant judgment. If the estimated recoverable amount is revised downward in the future, any such decline could result in additional impairment losses and have a material impact on the carrying value of the asset and the Group’s financial statements.

Provision of ECL for trade receivables and contract assets

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

Details on how ECL were measured should be consistent to the internal credit risk management of the Group in note 43.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group’s historical default rates and 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. The information about the ECL and the Group’s trade receivables are disclosed in note 27.

Provision of Inventory

The Group recognizes inventory write-downs when the net realizable value (“NRV”) of inventory is lower than its cost, with the write-down measured as the difference between cost and NRV. The identification of inventory items showing signs of impairment and the subsequent estimation of NRV require significant judgment and assumptions by management. If, upon subsequent review, the estimated NRV is revised and differs from the previous estimate, the adjustment is recognized in profit or loss in the period of the change.

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6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Custom Silicon Solution Services			
– Turnkey service	1,071,416	856,214	1,489,681
– Design service	492,470	724,794	876,558
Semiconductor IP licensing service			
– IP license	655,375	632,859	671,253
– IP royalty	109,692	103,109	110,911
	<u>2,328,953</u>	<u>2,316,976</u>	<u>3,148,403</u>
Timing of revenue recognition			
A point in time	1,836,483	1,592,182	2,271,845
Over time	492,470	724,794	876,558
	<u>2,328,953</u>	<u>2,316,976</u>	<u>3,148,403</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group’s performance obligations and their corresponding revenue recognition policies are summarized as below:

Turnkey Services

The Group sales chip products directly to customers. Such revenue is recognized when control of the goods transferred to the customer, being at the point of specificized shipping terms agreed in the contracts. The credit term granted to customers is specificized in each contract. The transaction price received by the Group is recognized as a contract liability for sales in which revenue has yet been recognized.

Sales-related warranties associated with chip products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37.

Design Services

The Group provide NRE design services to the customers. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these NRE services based on the percentage of completion. The directors have assessed that the percentage of completion determined as the proportion of the actual cost incurred to total estimated plan cost to complete is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group’s NRE design services contracts include payment schedules which require stage payments over the design process. The Group requires certain customers to provide upfront deposits of total contract sum, when the Group receives a upfront deposit before design commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognized on the specific contract exceeds the amount of the upfront deposit. A contract asset, net of contract liability related to the same contract, is recognized over the period in which the design services are performed representing the Group’s right to consideration for the services performed because the rights are conditioned on the Group’s future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

IP License

The Group grants one-time or multiple licenses to customers to use the Group’s intellectual property. For revenue from IP licensing, the Group have transferred control of usage of IP to the customers when the relevant IP are placed electronically in the Group’s encrypted file transfer protocol servers for downloading by the customers and the keys are sent electronically to the customers, and remains neither continuing managerial involvement nor effective control over the IP uploaded. IP licensing revenue is recognized at that point in time in accordance with the amounts agreed in the relevant contracts or agreements. Payments for IP license are usually agreed in installments in accordance with agreed milestones.

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IP Royalty

The Groups generate revenue from royalty fees at a prescribed rate by customers for the use of the Group’s intellectual property rights to produce and sell products. Such revenue are recognized when the Group obtain the usage or sales reports (typically on a quarterly basis) from the customers and calculated according to the relevant agreements based on the sales or usage of chips incorporating the Group’s IP.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the majority of Group’s contract has an original expected duration of less than one year.

7. OPERATING SEGMENTS

Information reported to the board of directors, being the chief operating decision maker (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s operating segments under IFRS 8 *Operating Segments* are as follows:

1. Custom Silicon Solution Services
2. Semiconductor IP licensing service
3. Others

Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segments:

For the year ended December 31, 2023

	Custom Silicon Solution Services	Semiconductor IP licensing services	Others ⁽ⁱ⁾	Consolidated
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Types of goods or services				
Segment revenue	1,563,887	765,066	9,043	2,337,996
Segment cost included in cost of sales (ii)	(1,199,228)	(82,418)	(10,078)	(1,291,724)
Segment profit	364,659	682,648	(1,035)	1,046,272
Write-down of inventories included in cost of sales				(3,548)
Surcharge and other tax included in cost of sales				(4,101)
Other income				57,816
Other gains and losses				(405)
Finance costs				(23,179)
Impairment losses under ECL model, net of reversal				(125,475)
Selling and marketing expenses				(114,853)
Administrative expenses				(121,771)
R&D expenses				(947,223)
Share of results of associates				(32,757)
Loss before tax				(269,224)

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For the year ended December 31, 2024

	Custom Silicon Solution Services	Semiconductor IP licensing services	Others ⁽ⁱ⁾	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services				
Segment revenue	1,581,008	735,968	4,910	2,321,886
Segment cost included in cost of sales (ii)	(1,322,501)	(65,096)	(8,727)	(1,396,324)
Segment profit	258,507	670,872	(3,817)	925,562
Write-down of inventories included in cost of sales				(1,747)
Surcharge and other tax included in cost of sales				(3,609)
Other income				56,470
Other gains and losses				19,586
Finance costs				(36,166)
Impairment losses under ECL model, net of reversal				(43,627)
Selling and marketing expenses				(119,983)
Administrative expenses				(125,381)
R&D expenses				(1,247,302)
Share of results of associates				(5,686)
Loss before tax				(581,883)

For the year ended December 31, 2025

	Custom Silicon Solution Services	Semiconductor IP licensing services	Others ⁽ⁱ⁾	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services				
Segment revenue	2,366,239	782,164	4,042	3,152,445
Segment cost included in cost of sales (ii)	(1,971,339)	(95,509)	(7,929)	(2,074,777)
Segment profit	394,900	686,655	(3,887)	1,077,668
Write-down of inventories included in cost of sales				(3,451)
Surcharge and other tax included in cost of sales				(4,389)
Other income				59,955
Other gains and losses				12,239
Finance costs				(41,355)
Impairment losses under ECL model, net of reversal				(27,144)
Selling and marketing expenses				(127,208)
Administrative expenses				(147,006)
R&D expenses				(1,312,692)
Share of results of associates				113
Loss before tax				(513,270)

Notes:

- (i) Segment revenue in the others primarily comprises rental income which is presented as other income in the financial statements, while segment cost of sales comprises depreciation of the corresponding rental office building which is presented as other expense.

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- (ii) Segment cost for Custom Silicon Solution Services and Semiconductor IP licensing services exclude write-down of inventories and other taxes classified within cost of sales.

The accounting policies of the operating segments are the same as the Group’s accounting policies described in note 4.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Revenue from major products and services

The Group’s revenue from continuing operations from its major products and services are disclosed in note 6.

Geographical information

The Group’s operations are located on Mainland China (country of domicile) and overseas.

The Group’s revenue from external customers is presented based on the locations of the customers which are detailed below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland*	1,806,726	1,452,768	2,127,438
Outside of Chinese mainland	531,270	869,118	1,025,007
	<u>2,337,996</u>	<u>2,321,886</u>	<u>3,152,445</u>

* Segment revenue comprises rental income, and such rental income is classified as other income in the financial statements.

The Group’s non-current assets excluding financial assets at FVTPL are presented based on the geographic locations of the Company and the Company’s subsidiaries which are detailed below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland	1,127,124	1,462,820	1,399,065
Outside of Chinese mainland	316,720	315,786	388,311
	<u>1,443,844</u>	<u>1,778,606</u>	<u>1,787,376</u>

Information about major customers

Revenue from customers during the Track Record Period contributing over 10% of the total revenue of the Group is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	535,081	469,231	503,934
Customer B	N/A	N/A	484,913
Customer C	270,160	N/A	N/A
	<u>805,241</u>	<u>469,231</u>	<u>988,847</u>

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8. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income from bank deposits	11,886	15,827	11,238
Government grants (i)	36,968	33,725	33,705
Rental income.	9,043	4,910	4,042
Input Value added Tax (“VAT”) additional deduction	8,962	6,918	15,012
	<u>66,859</u>	<u>61,380</u>	<u>63,997</u>

Note:

- (i) During the years ended December 31, 2023, 2024 and 2025, the government grants include subsidies received to reward for the contribution by the subsidiaries to the local economic growth amounting to approximately RMB36,968,000, RMB33,725,000 and RMB33,705,000, respectively. There are no unfulfilled conditions or contingencies relating to these grants and was recognized in the profit or loss upon receipt of these rewards.

The remaining portion of government grants which were recognized in the profit or loss over the useful lives of relevant assets as detailed in Note 35.

9. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Gains) losses from changes in fair value of FVTPL	(20,545)	(366)	32,898
Net foreign exchange gains (losses)	16,481	13,573	(22,518)
Investment income from unlisted financial products at FVTPL	2,246	5,157	8,479
(Losses) gains on disposal of property and equipment	(80)	1	4
Accrual of late tax payment charges	–	–	(7,539)
Others	1,493	1,221	915
	<u>(405)</u>	<u>19,586</u>	<u>12,239</u>

10. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expenses on borrowings	17,114	27,591	34,380
Interest expenses on long term payables for purchase of intangible assets	4,164	5,485	4,476
Interest expenses on lease liabilities	1,901	3,090	2,499
	<u>23,179</u>	<u>36,166</u>	<u>41,355</u>

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11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Impairment losses recognized (reversed) on:			
– Trade receivables	109,405	39,094	21,867
– Bills receivables	(1)	(12)	(5)
– Other receivables	198	(178)	281
– Contract assets	15,873	4,723	5,001
	<u>125,475</u>	<u>43,627</u>	<u>27,144</u>

Details of impairment assessment are set out in note 43.

12. INCOME TAX EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current Tax			
United States (i)	8,720	4,757	4,472
PRC Enterprise Income Tax (“EIT”) (ii)	1,651	386	3,635
Hong Kong (iii)	15,580	13,250	6,312
Others	134	975	398
	<u>26,085</u>	<u>19,368</u>	<u>14,817</u>
Under (over) provision in prior years:			
Hong Kong	1,628	(799)	(302)
PRC EIT	(470)	427	28
	<u>1,158</u>	<u>(372)</u>	<u>(274)</u>
	<u>27,243</u>	<u>18,996</u>	<u>14,543</u>

Notes:

- (i) The Company’s subsidiaries in the United States is subjected to 21% federal tax rate and 8.84% state tax rate. The operations in the United States could be also subject to state and local taxes.
- The Company’s subsidiaries in United States that provide IP licensing service fees to customers outside United States would be subject to a withholding tax range from 4.95% to 20%.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Company and certain subsidiaries of the Group have obtained High-tech Enterprise Certificate and qualified as “High-tech enterprise.” The tax rate of the Company is 15% for the Track Record Period.
- Certain subsidiaries of the Company in the PRC are qualified as “Small Low-Profit Enterprise.” The entitled subsidiaries are subjected to a preferential income tax rate as 20% during the Track Record Period.
- Certain subsidiaries of the Company in the PRC are qualified as “Encouraged industry Enterprises in the Western Region.” The entitled subsidiaries are subjected to a preferential income tax rate as 15% during the Track Record Period.
- Certain subsidiaries of the Company in the PRC are qualified as “Encouraged industry Enterprise in Hainan Free Trade Port.” The entitled subsidiaries are subjected to a preferential income tax rate as 15% during the Track Record Period.
- Certain subsidiaries of the Company in the PRC are qualified as “Key industry enterprises in Lingang New Area.” The entitled subsidiaries are subjected to a preferential income tax rate as 15% during the Track Record Period.
- (iii) Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit during Track Record Period.

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The Group is operating in certain jurisdictions where the Pillar Two Rules are effective or enacted but not effective. However, as the Group’s consolidated annual revenue is expected to be less than EUR 750 million in at least two of the four fiscal years preceding the tested year, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

Income tax expense for the year can be reconciled to loss before 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 tax	(269,224)	(581,883)	(513,270)
Tax at PRC statutory rate of 15%	(40,384)	(87,282)	(76,991)
Tax effect of expenses not deductible for tax purpose	1,257	1,678	2,889
Tax effect of income not taxable for tax purpose	(997)	(24,543)	(26,372)
Tax effect of share-based compensation expense	(11,723)	133	2,816
Tax effect attributable to the additional qualified tax deduction relating to research and development costs	(58,047)	(75,558)	(72,634)
Tax effect of different tax rates of subsidiaries	12,842	(19,107)	20,746
Under (over) provision in prior years	1,158	(372)	(274)
Adjustment on prior year’s tax losses	(21,597)	(4,889)	(15,855)
Tax effect of using deductible temporary differences and tax losses not recognized previously	(26,576)	(8,253)	(1,351)
Tax effect of deductible temporary differences and tax losses not recognized	148,671	224,793	166,788
Withholding Tax	22,639	12,396	14,781
Income tax expense	27,243	18,996	14,543

13. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Depreciation and amortization			
Depreciation of property and equipment	40,412	50,162	62,656
Depreciation of right-of-use assets	36,077	39,621	39,337
Amortization of other intangible assets	109,500	150,058	164,357
Total depreciation and amortization	185,989	239,841	266,350
Analyzed as:			
– R&D expenses	153,839	201,459	223,809
– Administrative expenses	6,539	6,706	6,452
– Selling and marketing expenses	4,305	4,089	4,122
– Cost of sales	11,228	18,860	24,038
– Other expense	10,078	8,727	7,929
Auditor’s remuneration	4,411	4,253	4,060
Cost of inventories recognized as cost of sales	974,771	1,076,608	1,703,456
Write-down of inventories (included in cost of sales)	3,548	1,747	3,451
Impairment losses under ECL model	125,475	43,627	27,144
Staff costs, including directors’ remuneration:			
Salaries and other benefits	935,874	1,058,798	1,154,511
Social security contributions	186,677	229,151	245,818
Share-based payment expenses (note 40)	3,605	7,290	41,613
Others	24,993	36,492	24,304
Total staff costs	1,151,149	1,331,731	1,466,246
Capitalized in development expenditure	(6,685)	–	(32,819)
	1,144,464	1,331,731	1,433,427

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed as:			
– R&D expenses	715,803	898,365	956,127
– Administrative expenses	82,213	84,596	106,063
– Selling and marketing expenses	79,416	83,652	89,834
– Cost of sales	267,032	265,118	281,403
– Capitalized in development expenditure.	6,685	-	32,819
R&D expenses analyzed as:			
– Staff costs, excluding share-based payment expenses	711,481	893,999	937,624
– Depreciation and amortization	153,839	201,459	223,809
– Communication expenses	20,365	40,149	33,991
– Share-based payment expenses	4,322	4,366	18,503
– Others	57,217	107,329	98,765

14. DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE’S EMOLUMENTS

During the Track Record Period, directors’, supervisors’ and chief executive’s remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Director’s Fees	Salaries, allowance and benefits in kind	Contributions to retirement benefit scheme and others	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023					
Executive directors					
Mr. Wayne Wei-Ming Dai (i)	–	5,295	–	(2,193)	3,102
Mr. Wei-Jin Dai	–	4,526	–	(731)	3,795
Ms. Shi Wenqian (ii)	–	2,511	105	(731)	1,885
	–	12,332	105	(3,655)	8,782
Non-executive directors					
Mr. Chen Xiaofei	–	–	–	–	–
Mr. Chen Hong	–	–	–	–	–
Mr. Sun Guodong	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Chen Wuzhao (iii)	150	–	–	–	150
Mr. Li Chen (iii)	150	–	–	–	150
Mr. Wang Zhihua (iii)	150	–	–	–	150
	450	–	–	–	450
Supervisors					
Mr. Wang Zhiwei (v)	–	–	–	–	–
Mr. Zou Fei (v)	–	–	–	–	–
Mr. Shi Wenli (v)	–	1,377	143	–	1,520
	–	1,377	143	–	1,520
	450	13,709	248	(3,655)	10,752

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	Director’s Fees	Salaries, allowance and benefits in kind	Contributions to retirement benefit scheme and others	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2024					
Executive directors					
Mr. Wayne Wei-Ming Dai (i)	–	4,639	–	–	4,639
Mr. Wei-Jin Dai	–	3,194	–	–	3,194
Ms. Shi Wenqian (ii)	–	2,355	145	–	2,500
	–	10,188	145	–	10,333
Non-executive directors					
Mr. Chen Xiaofei	–	–	–	–	–
Mr. Chen Hong	–	–	–	–	–
Mr. Sun Guodong	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Chen Wuzhao (iii)	150	–	–	–	150
Mr. Li Chen (iii)	150	–	–	–	150
Mr. Wang Zhihua (iii)	150	–	–	–	150
	450	–	–	–	450
Supervisors					
Mr. Wang Zhiwei (v)	–	–	–	–	–
Mr. Zou Fei (v)	–	–	–	–	–
Mr. Shi Wenli (v)	–	1,347	145	–	1,492
	–	1,347	145	–	1,492
	–	11,535	290	–	12,275

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	Director’s Fees	Salaries, allowance and benefits in kind	Contributions to retirement benefit scheme and others	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2025					
Executive directors					
Mr. Wayne Wei-Ming Dai (i)	–	4,805	–	5,062	9,867
Mr. Wei-Jin Dai	–	4,856	–	3,164	8,020
Ms. Shi Wenqian (ii)	–	1,926	85	–	2,011
Mr. Wang Yang (iv)	–	2,237	89	1,898	4,224
Ms. Shi Wenli (v)	–	932	73	1,898	2,903
	–	14,756	247	12,022	27,025
Non-executive directors					
Mr. Chen Xiaofei	–	–	–	–	–
Mr. Chen Hong	–	–	–	–	–
Mr. Sun Guodong	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Chen Wuzhao (iii)	87	–	–	–	87
Mr. Li Chen (iii)	87	–	–	–	87
Mr. Wang Zhihua (iii)	87	–	–	–	87
Mr. Huang Sheng (vi)	63	–	–	–	63
Mr. Li Ting Wei (vi)	63	–	–	–	63
Mr. Qian Dahong (vi)	63	–	–	–	63
Mr. Sun Jiangang (vi)	63	–	–	–	63
	513	–	–	–	513
Supervisors					
Mr. Wang Zhiwei (v)	–	–	–	–	–
Mr. Zou Fei (v)	–	–	–	–	–
Ms. Shi Wenli (v)	–	883	73	–	956
	–	883	73	–	956
	513	15,639	320	12,022	28,494

- (i) Mr. Wayne Wei-Ming Dai acts as chief executive of the Company throughout the Track Record Period and his emoluments disclosed above included those for services rendered by him as the chief executive in management of the affairs of the group entities.
- (ii) Ms. Shi Wenqian has been resigned from the executive director of the Company in July 2025.
- (iii) Mr. Chen Wuzhao, Mr. Li Chen and Mr. Wang Zhihua have been resigned from the independent non-executive director of the Company in July 2025.
- (iv) Mr. Wang Yang was appointed as the executive director of the Company in July 2025.
- (v) The board of supervisors was discontinued starting from July 2025, Mr. Wang Zhiwei, Mr. Zou Fei and Ms. Shi Wenli have been resigned from the supervisors of the Company in July 2025. Meanwhile, Ms. Wenli Shi was appointed as the executive director of the Company in July 2025.
- (vi) Mr. Huang Sheng, Mr. Li Ting Wei, Mr. Qian Dahong and Mr. Sun Jiangang were appointed as the independent non-executive directors of the Company in July 2025.

The executive directors’ and chief executive’s emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The non-executive directors’ emoluments shown above were for their services as directors of the Company during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

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15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group for the Track Record Period included two, two and four directors, respectively and details of whose remuneration are set out in note 14 above. Details of the remuneration for the Track Record Period of the remaining individuals are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowance and benefits in kind	9,388	8,817	3,626
Contributions to retirement benefit scheme and others	245	466	146
Share-based payment expenses	2,059	1,096	1,016
	<u>11,692</u>	<u>10,379</u>	<u>4,788</u>

The number of the five highest paid individuals fell within the following bands is as below:

	Year ended December 31,		
	2023	2024	2025
HK\$2,500,001 to HK\$3,000,000	–	1	–
HK\$3,000,001 to HK\$3,500,000	2	1	–
HK\$3,500,001 to HK\$4,000,000	1	1	–
HK\$4,000,001 to HK\$4,500,000	1	–	1
HK\$4,500,001 to HK\$5,000,000	–	1	–
HK\$5,000,001 to HK\$5,500,000	–	1	1
HK\$5,500,001 to HK\$6,000,000	1	–	1
HK\$8,500,001 to HK\$9,000,000	–	–	1
HK\$10,500,001 to HK\$11,000,000	–	–	1
	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Periods.

17. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
Loss (RMB'000):			
Loss for the year attributable to owners of the Company	<u>296,467</u>	<u>600,879</u>	<u>527,813</u>
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>499,088</u>	<u>499,978</u>	<u>514,016</u>

For the years ended December 31, 2023, 2024 and 2025, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share excluded the treasury shares of the Company.

As the Group incurred losses for the years ended December 31, 2023, 2024 and 2025, the potential ordinary shares from exercise of share-based compensation were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended December 31, 2023, 2024 and 2025 is the same as basic loss per share.

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18. PROPERTY AND EQUIPMENT

The Group

	Buildings	Furniture	Equipment	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST						
At January 1, 2023 . .	471,127	14,993	153,731	–	44,426	684,277
Additions	26	4,423	15,219	20,645	6,387	46,700
Transfers from construction in progress	–	387	–	(17,442)	17,055	–
Disposals	–	(454)	(1,616)	–	(73)	(2,143)
Exchange adjustment .	–	75	150	–	60	285
At December 31, 2023	471,153	19,424	167,484	3,203	67,855	729,119
Additions	205,478	2,330	45,954	6,513	2,423	262,698
Transfers from construction in progress	–	1,580	755	(9,563)	7,228	–
Disposals	–	(240)	(184)	–	(190)	(614)
Exchange adjustment .	–	49	117	–	38	204
At December 31, 2024	676,631	23,143	214,126	153	77,354	991,407
Additions	–	2,770	39,817	9,464	961	53,012
Transfers from construction in progress	–	184	–	(8,828)	8,644	–
Disposals	–	(16)	(523)	–	–	(539)
Exchange adjustment .	–	(92)	(168)	–	(75)	(335)
At December 31, 2025	676,631	25,989	253,252	789	86,884	1,043,545

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	Buildings	Furniture	Equipment	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ACCUMULATED DEPRECIATION						
At January 1, 2023 . .	5,958	10,538	104,113	–	30,474	151,083
Provided for the year .	11,061	2,080	20,967	–	6,304	40,412
Eliminated on disposals	–	(366)	(1,613)	–	(73)	(2,052)
Exchange adjustment .	–	65	146	–	55	266
At December 31, 2023	17,019	12,317	123,613	–	36,760	189,709
Provided for the year .	14,701	2,755	22,944	–	9,762	50,162
Eliminated on disposals	–	(239)	(184)	–	(190)	(613)
Exchange adjustment .	–	46	101	–	38	185
At December 31, 2024	31,720	14,879	146,474	–	46,370	239,443
Provided for the year .	16,107	3,028	32,830	–	10,691	62,656
Eliminated on disposals	–	(12)	(418)	–	–	(430)
Exchange adjustment .	–	(90)	(164)	–	(75)	(329)
At December 31, 2025	47,827	17,805	178,722	–	56,986	301,340
CARRYING VALUE						
At December 31, 2023	454,134	7,107	43,871	3,203	31,095	539,410
At December 31, 2024	644,911	8,264	67,652	153	30,984	751,964
At December 31, 2025	628,804	8,184	74,530	789	29,898	742,205

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	<u>Furniture</u>	<u>Equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST				
At January 1, 2023	5,757	124,257	23,596	153,610
Additions	197	8,491	701	9,389
Disposals	–	(719)	–	(719)
At December 31, 2023	5,954	132,029	24,297	162,280
Additions	59	40,460	942	41,461
Disposals	–	–	–	–
At December 31, 2024	6,013	172,489	25,239	203,741
Additions	562	29,418	3,751	33,731
Disposals	(6)	(372)	–	(378)
At December 31, 2025	6,569	201,535	28,990	237,094
ACCUMULATED DEPRECIATION				
At January 1, 2023	3,832	87,467	16,848	108,147
Provided for the year	714	16,803	2,224	19,741
Eliminated on disposals	–	(719)	–	(719)
At December 31, 2023	4,546	103,551	19,072	127,169
Provided for the year	624	17,664	2,175	20,463
Eliminated on disposals	–	–	–	–
At December 31, 2024	5,170	121,215	21,247	147,632
Provided for the year	549	22,987	2,335	25,871
Eliminated on disposals	(5)	(372)	–	(377)
At December 31, 2025	5,714	143,830	23,582	173,126
CARRYING VALUE				
At December 31, 2023	1,408	28,478	5,225	35,111
At December 31, 2024	843	51,274	3,992	56,109
At December 31, 2025	855	57,705	5,408	63,968

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The above items of property and equipment, other than construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account their estimated residual values:

	Useful lives (Year)	Estimated residual values
Buildings	20~44	—
Equipment	2~10	—
Furniture	2~5	—
Leasehold improvement	Over the shorter of the term of the lease, or 6 years	—

The Group acquired an office building in Lingang in 2022 for self-use, which was subject to existing lease arrangement. The leasehold land and the building elements are accounted a single component with the building, of these owned properties are presented together as the purchase consideration cannot be allocated reliably.

The Group has pledged owned properties with carrying amounts of RMB443,449,000, RMB634,873,000 and RMB619,413,000 as of December 31, 2023, 2024 and 2025, respectively, to secure general banking facilities granted to the Group.

The Group as lessor

The Group leases out the self-owned offices under operating leases. None of the leases includes variable lease payments. The disaggregation of the offices under operating leases included within the building and the carrying amount of the offices at December 31, 2023, 2024 and 2025 are RMB134,278,000, RMB85,191,000 and RMB37,692,000, respectively.

19. RIGHT-OF-USE ASSETS

The Group

	Leased properties RMB'000	Office equipment RMB'000	Total RMB'000
COST			
At January 1, 2023	88,415	2,138	90,553
Additions	28,877	—	28,877
Disposals	(16,442)	—	(16,442)
Exchange adjustment	190	—	190
At December 31, 2023	101,040	2,138	103,178
Additions	74,559	—	74,559
Disposals	(48,156)	(711)	(48,867)
Exchange adjustment	259	—	259
At December 31, 2024	127,702	1,427	129,129
Additions	34,920	1,016	35,936
Disposals	(29,111)	—	(29,111)
Exchange adjustment	(319)	—	(319)
At December 31, 2025	133,192	2,443	135,635

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	Leased properties	Office equipment	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
ACCUMULATED DEPRECIATION			
At January 1, 2023	38,787	806	39,593
Charge for the year	35,532	545	36,077
Eliminated on disposals	(16,366)	–	(16,366)
Exchange adjustment	(13)	–	(13)
At December 31, 2023	57,940	1,351	59,291
Charge for the year	39,192	429	39,621
Eliminated on disposals	(47,752)	(705)	(48,457)
Exchange adjustment	114	–	114
At December 31, 2024	49,494	1,075	50,569
Charge for the year	38,750	587	39,337
Eliminated on disposals	(29,087)	–	(29,087)
Exchange adjustment	74	–	74
At December 31, 2025	59,231	1,662	60,893
CARRYING VALUE			
At December 31, 2023	43,100	787	43,887
At December 31, 2024	78,208	352	78,560
At December 31, 2025	73,961	781	74,742
The Company			
	Leased properties	Office equipment	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST			
At January 1, 2023	52,037	2,046	54,083
Additions	10,942	–	10,942
Disposals	(12,975)	–	(12,975)
At December 31, 2023	50,004	2,046	52,050
Additions	44,910	–	44,910
Disposals	(33,906)	(711)	(34,617)
At December 31, 2024	61,008	1,335	62,343
Additions	17,641	1,016	18,657
Disposals	(16,143)	–	(16,143)
At December 31, 2025	62,506	2,351	64,857

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	Leased properties <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Total <i>RMB'000</i>
ACCUMULATED DEPRECIATION			
At January 1, 2023	27,561	748	28,309
Charge for the year	21,600	515	22,115
Eliminated on disposals	(12,940)	–	(12,940)
At December 31, 2023	36,221	1,263	37,484
Charge for the year	22,080	425	22,505
Eliminated on disposals	(33,629)	(705)	(34,334)
At December 31, 2024	24,672	983	25,655
Charge for the year	21,020	587	21,607
Eliminated on disposals	(16,143)	–	(16,143)
At December 31, 2025	29,549	1,570	31,119
CARRYING VALUE			
At December 31, 2023	13,783	783	14,566
At December 31, 2024	36,336	352	36,688
At December 31, 2025	32,957	781	33,738

The Group

	Year ended December 31,		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Expenses relating to short-term leases	2,262	1,578	1,918
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	82	81	90
Total cash outflow for leases	43,267	39,837	47,468

During the Track Record Period, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 10 years during the Tracking Record Periods. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-canceled period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group and the Company regularly entered into short-term leases for certain offices. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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20. GOODWILL

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At the beginning of year	176,110	179,046	181,673
Exchange adjustments	2,936	2,627	(3,967)
	<u> </u>	<u> </u>	<u> </u>
At the end of year	<u>179,046</u>	<u>181,673</u>	<u>177,706</u>
IMPAIRMENT			
At the beginning and end of year	<u> —</u>	<u> —</u>	<u> —</u>
CARRYING VALUES			
At the beginning of year	<u>176,110</u>	<u>179,046</u>	<u>181,673</u>
	<u> </u>	<u> </u>	<u> </u>
At the end of year	<u>179,046</u>	<u>181,673</u>	<u>177,706</u>

Particulars regarding impairment testing on goodwill are disclosed in note 22.

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21. OTHER INTANGIBLE ASSETS

The Group

	Technology	Third party licenses	Customer relationship	Software	Patent	Trademark	Internal developed technology	Software under installation	Development expenditure	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST										
At January 1, 2023	40,794	114,742	69,579	198,314	119,488	34,544	83,530	3,268	111,929	776,188
Additions	–	41,274	–	58,760	10,181	–	–	–	7,171	117,386
Transfers from development expenditure	–	–	–	–	–	–	119,100	–	(119,100)	–
Disposal	–	–	–	(28,584)	–	–	–	–	–	(28,584)
Exchange adjustment	396	1,064	1,039	128	2,026	473	–	–	–	5,126
At December 31, 2023	41,190	157,080	70,618	228,618	131,695	35,017	202,630	3,268	–	870,116
Additions	–	68,114	–	203,953	–	–	–	–	–	272,067
Transfers from assets under installation	–	–	–	3,268	–	–	–	(3,268)	–	–
Disposal	–	–	–	(121,444)	–	–	–	–	–	(121,444)
Exchange adjustment	354	908	930	102	1,989	424	–	–	–	4,707
At December 31, 2024	41,544	226,102	71,548	314,497	133,684	35,441	202,630	–	–	1,025,446
Additions	–	126,869	–	78,358	–	–	–	–	36,035	241,262
Disposal	–	–	–	(36,357)	–	–	–	–	–	(36,357)
Exchange adjustment	(535)	(1,830)	(1,404)	(183)	(3,003)	(640)	–	–	–	(7,595)
At December 31, 2025	41,009	351,141	70,144	356,315	130,681	34,801	202,630	–	36,035	1,222,756
ACCUMULATED AMORTIZATION										
At January 1, 2023	28,382	98,150	62,711	106,540	69,807	–	20,853	–	–	386,443
Provided for the year	1,574	7,759	1,779	69,393	10,095	–	18,900	–	–	109,500
Eliminated on disposal	–	–	–	(28,584)	–	–	–	–	–	(28,584)
Exchange adjustment	192	456	932	109	1,263	–	–	–	–	2,952
At December 31, 2023	30,148	106,365	65,422	147,458	81,165	–	39,753	–	–	470,311
Provided for the year	1,587	11,746	1,794	88,777	10,650	–	35,504	–	–	150,058
Eliminated on disposal	–	–	–	(121,444)	–	–	–	–	–	(121,444)
Exchange adjustment	207	434	873	92	1,400	–	–	–	–	3,006
At December 31, 2024	31,942	118,545	68,089	114,883	93,215	–	75,257	–	–	501,931
Provided for the year	1,596	17,271	1,145	98,107	10,734	–	35,504	–	–	164,357
Eliminated on disposal	–	–	–	(36,357)	–	–	–	–	–	(36,357)
Exchange adjustment	(348)	(813)	(1,346)	(151)	(2,307)	–	–	–	–	(4,965)
At December 31, 2025	33,190	135,003	67,888	176,482	101,642	–	110,761	–	–	624,966
CARRYING VALUE										
At December 31, 2023	11,042	50,715	5,196	81,160	50,530	35,017	162,877	3,268	–	399,805
At December 31, 2024	9,602	107,557	3,459	199,614	40,469	35,441	127,373	–	–	523,515
At December 31, 2025	7,819	216,138	2,256	179,833	29,039	34,801	91,869	–	36,035	597,790

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The Company

	Third party licenses	Customer relationship	Software	Trademark	Internal developed technology	Software under installation	Development expenditure	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At January 1, 2023	83,285	8,316	116,100	6,632	83,530	3,268	111,929	413,060
Additions	10,519	–	7,957	–	–	–	7,171	25,647
Transfers from development expenditure	–	–	–	–	119,100	–	(119,100)	–
Disposal	–	–	(28,584)	–	–	–	–	(28,584)
At December 31, 2023	93,804	8,316	95,473	6,632	202,630	3,268	–	410,123
Additions	65,263	–	47,946	–	–	–	–	113,209
Transfers from assets under installation	–	–	3,268	–	–	(3,268)	–	–
Disposal	–	–	(48,053)	–	–	–	–	(48,053)
At December 31, 2024	159,067	8,316	98,634	6,632	202,630	–	–	475,279
Additions	106,751	–	70,029	–	–	–	36,035	212,815
Disposal	–	–	(28,560)	–	–	–	–	(28,560)
At December 31, 2025	265,818	8,316	140,103	6,632	202,630	–	36,035	659,534
ACCUMULATED AMORTIZATION								
At January 1, 2023	72,383	8,316	59,409	–	20,853	–	–	160,961
Provided for the year	5,127	–	31,885	–	18,900	–	–	55,912
Eliminated on disposal	–	–	(28,583)	–	–	–	–	(28,583)
At December 31, 2023	77,510	8,316	62,711	–	39,753	–	–	188,290
Provided for the year	7,722	–	28,324	–	35,504	–	–	71,550
Eliminated on disposal	–	–	(48,053)	–	–	–	–	(48,053)
At December 31, 2024	85,232	8,316	42,982	–	75,257	–	–	211,787
Provided for the year	11,897	–	28,941	–	35,504	–	–	76,342
Eliminated on disposal	–	–	(28,561)	–	–	–	–	(28,561)
At December 31, 2025	97,129	8,316	43,362	–	110,761	–	–	259,568
CARRYING VALUE								
At December 31, 2023	16,294	–	32,762	6,632	162,877	3,268	–	221,833
At December 31, 2024	73,835	–	55,652	6,632	127,373	–	–	263,492
At December 31, 2025	168,689	–	96,741	6,632	91,869	–	36,035	399,966

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The above items of intangible assets, other than trademark and construction in progress, have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Technology	15 years
Third party licenses	1-10 years
Customer relationship	12-15 years
Software	1-10 years
Patent	5-20 years
Trademark	Infinite useful life
Internal developed technology	2-5 years
Development Expenditure	In the development

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Impairment testing on other intangible assets with indefinite useful lives

The Group’s other intangible assets with indefinite useful lives mainly consist of trademark. The carrying amounts of the trademark are RMB35,017,000, RMB35,441,000 and RMB34,801,000 as of December 31, 2023, 2024 and 2025, respectively. The recoverable amount of the trademark is assessed individually for impairment on annual basis.

The recoverable amount of the trademark has been determined based on a value in use calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and discount rate of 17%, 18.5% and 18.5% as of the years of 2023, 2024 and 2025. Cash flows beyond the 5-year period are extrapolated using a steady 3%, 2% and 2% growth rates of the year of 2023, 2024 and 2025, respectively.

During the years ended December 31, 2023, 2024 and 2025, management of the Group determines that there is no impairment on other intangible assets with indefinite useful lives.

Impairment testing on goodwill

For the purposes of impairment testing, goodwill set out in notes 20 have been allocated to two individual cash-generating units, Unit Vivante comprising in the Semiconductor IP licensing service segment and Unit Zhonghua comprising in the Custom Silicon Services segment. The carrying amounts of goodwill allocated to these units are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unit Vivante	176,065	178,692	174,725
Unit Zhonghua	2,981	2,981	2,981
	<u>179,046</u>	<u>181,673</u>	<u>177,706</u>

The recoverable amount of these two cash-generating units have been determined based on value in use calculations. These calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 17%, 18.5% and 18.5% as of the years of 2023, 2024 and 2025. Cash flows beyond the 5-year period are extrapolated using a steady 2% growth rates of each of the year, respectively. This growth rate is based on the long-term average growth rate for the international electronic equipment market and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows, such as budgeted sales and gross margin. These estimations are based on the historical performance of the cash-generating units and management’s expectations regarding the market development.

During the years ended December 31, 2023, 2024 and 2025, management of the Group determines that there is no impairment on both Unit Vivante and Unit Zhonghua.

The recoverable amount is significantly higher than the carrying amounts of Unit Vivante and Unit Zhonghua. Management believes that any reasonably foreseeable changes in any of these assumptions would not result in impairment of goodwill.

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23. INVESTMENTS IN ASSOCIATES/SUBSIDIARIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment in associates under equity method	56,000	57,000	57,000
Share of post-acquisition losses and other comprehensive income or expenses, net of dividends received	(50,943)	(56,000)	(55,852)
Impairment loss recognized	—	—	—
	<u>5,057</u>	<u>1,000</u>	<u>1,148</u>

Name of associates	Places of registration /operation	Proportion of ownership investments held by the Group			Principal activities
		2023	2024	2025	
Verisyno Microelectronics Co., Ltd.* (“Verisyno”) (i)	PRC	42.00%	42.00%	42.00%	Chip design services and IP Licensing
Shanghai Xinzhan Technology Co., Ltd.* (“Xinzhan”) (ii)	PRC	Not applicable	10.00%	10.00%	Equity investment

Notes:

* English name is for identification purpose only.

- (i) The Group has 42% ownership interest in Verisyno. The Group is able to exercise significant influence over Verisyno because it has the right to appoint two out of the five directors of Verisyno under the articles of association of Verisyno.
- (ii) The Group is able to exercise significant influence over Xinzhan because Xinzhan has dispersed ownership and the Company has the right to appoint one out of the seven directors of Xinzhan under the articles of association of Xinzhan.

Summarized financial information of material associates

Summarized financial information in respect of the Group’s material associates is set out below. The summarized financial information below represents amounts in associates’ financial statements prepared in accordance with China Accounting Standards for Business Enterprises.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Verisyno

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets	<u>55,121</u>	<u>18,336</u>	<u>16,452</u>
Non-current assets	<u>16,490</u>	<u>8,945</u>	<u>4,533</u>
Current liabilities	<u>53,157</u>	<u>57,670</u>	<u>77,071</u>
Non-current liabilities	<u>4,461</u>	<u>1,618</u>	<u>932</u>

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	39,919	19,765	37,697
Loss for the year	(71,156)	(47,501)	(25,092)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net assets (liabilities) of Verisyno	13,993	(32,007)	(57,018)
Proportion of the Group’s ownership interest in Verisyno	42%	42%	42%
The Group’s share of net assets of Verisyno	5,877	—*	—*
Other adjustments			
– Unrealized losses from internal transaction	(820)	—*	—*
Carrying amount of Groups’ interest in Verisyno	5,057	—*	—*

*: Given that Verisyno has generated losses exceeding the carrying amount of the investment, the Group has ceased recognizing further equity losses.

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments in subsidiaries	834,049	835,660	1,441,837
Investments in associates	5,057	1,000	1,148
	839,106	836,660	1,442,985

The increase in investments in subsidiaries during 2025 mainly consists of a cash capital contribution of RMB360,000,000 made to TSXY, as well as an additional investment of RMB216,798,000 in TSXY recognized in respect of the put options granted to other shareholders of TSXY, details of which are set out in the note 37.

Other changes in investments in subsidiaries during each periods represent the impact of share-based payment awards granted by the Company to employees of its subsidiaries.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Unlisted financial products (i)	400,130	112,276	923,813
Non-current assets			
Equity investments on unlisted companies (ii)	199,634	201,123	193,581
Equity investments on listed companies (ii).	—	—	38,903
	599,764	313,399	1,156,297

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Notes:

- (i) During the Track Record Period, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by respective banks in the PRC to invest principally in certain financial assets such as wealth management products and structured deposits. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products linked to the performance of foreign exchange rates and gold prices.
- (ii) The Group’s equity investments on listed and unlisted companies were classified as financial assets at FVTPL.

25. INVENTORIES

The Group

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Work-in-progress	263,883	360,667	462,541
Finished goods	19,343	40,133	42,167
Less: provision for impairment of inventories.	(4,603)	(5,285)	(6,725)
	<u>278,623</u>	<u>395,515</u>	<u>497,983</u>

The Company

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Work-in-progress	53,340	186,680	173,453
Finished goods	5,402	10,319	3,262
Less: provision for impairment of inventories.	(338)	(786)	(3,035)
	<u>58,404</u>	<u>196,213</u>	<u>173,680</u>

26. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND TIME DEPOSITS

Cash and cash equivalents

Cash and cash equivalents held by the Group comprised of bank balances and short term bank deposits with an original maturity of three months or less.

The Group

The Group’s cash and cash equivalents that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
US Dollar (“USD”)	219,335	256,099	14,793
Euro (“EUR”)	156	150	164
Hong Kong Dollar (“HKD”)	733	9,727	29
RMB	<u>129</u>	<u>369</u>	<u>370</u>
Total in RMB	<u>220,353</u>	<u>266,345</u>	<u>15,356</u>

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	180,793	231,013	937
Total in RMB	<u>180,793</u>	<u>231,013</u>	<u>937</u>

Restricted bank balances

Restricted bank deposits primarily represent deposits held in designated bank accounts for margin deposit for customs security, Customs import duties deposits, letter of credit and bank deposits in transit.

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	<u>3,527</u>	<u>104,101</u>	<u>1,089</u>

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	<u>—</u>	<u>100,000</u>	<u>2</u>

Details of impairment assessment of bank balances and restricted bank deposits are set out in note 43.

Time deposits

The Group

The Group did not have any time deposits at December 31, 2023 and 2024. At December 31, 2025, the Group held time deposits of RMB70,698,000.00 with original maturity of more than 3 months which carried effective interest rates ranging from 1.30% to 2.30% per annum, among which RMB50,287,000 will mature within one year as at December 31, 2025.

The Company

The Company did not have any time deposits at December 31, 2023 and 2024. At December 31, 2025, the Company held time deposits of RMB70,698,000.00 with original maturity of more than 3 months which carried effective interest rates ranging from 1.30% to 2.30% per annum, among which RMB50,287,000 will mature within one year at December 31, 2025.

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27. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENT

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– due from related parties – trade related	15,237	18,714	19,597
– due from third parties	1,167,505	1,278,041	1,470,960
	<u>1,182,742</u>	<u>1,296,755</u>	<u>1,490,557</u>
Less: Impairment loss allowance for trade receivables . .	<u>(161,103)</u>	<u>(201,115)</u>	<u>(221,014)</u>
	<u>1,021,639</u>	<u>1,095,640</u>	<u>1,269,543</u>
Bills receivables			
Bank acceptance bills	41,634	6,075	995
Commercial acceptance bills	21,004	14,195	4,832
	<u>62,638</u>	<u>20,270</u>	<u>5,827</u>
Less: Impairment loss allowance for bills receivables . .	<u>(20)</u>	<u>(7)</u>	<u>(2)</u>
	<u>62,618</u>	<u>20,263</u>	<u>5,825</u>
Other receivables			
Deposits, petty cash and advances	694	843	961
Lease security deposits	11,820	11,934	11,563
Platform technology service guarantee deposit	–	–	10,000
Others	4,471	880	2,131
	<u>16,985</u>	<u>13,657</u>	<u>24,655</u>
Less: Impairment loss allowance for other receivables . .	<u>(899)</u>	<u>(722)</u>	<u>(1,001)</u>
	<u>16,086</u>	<u>12,935</u>	<u>23,654</u>
Prepayment			
Amounts due from related parties - trade related	106,022	14,477	25,637
Prepaid expenses	34,957	76,446	484,785
Prepayment for long-term assets	310,356	90,000	97,426
	<u>451,335</u>	<u>180,923</u>	<u>607,848</u>
Total trade, bills and other receivables and prepayment	<u>1,551,678</u>	<u>1,309,761</u>	<u>1,906,870</u>
Analyzed as:			
Non-current	321,598	253,828	184,937
Current	1,230,080	1,055,933	1,721,933
	<u>1,551,678</u>	<u>1,309,761</u>	<u>1,906,870</u>

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– due from related parties – trade related	15,237	18,714	19,593
– due from related subsidiaries – trade related	774,816	756,064	928,622
– due from third parties	794,109	860,884	1,004,627
	1,584,162	1,635,662	1,952,842
Less: Impairment loss allowance for trade receivables . .	(65,991)	(100,998)	(110,218)
	1,518,171	1,534,664	1,842,624
Bills receivables			
Bank acceptance bills	41,634	6,075	995
Commercial acceptance bills	21,004	14,195	4,832
	62,638	20,270	5,827
Less: Impairment loss allowance for bills receivables . .	(20)	(7)	(2)
	62,618	20,263	5,825
Other receivables			
Amounts due from subsidiaries - non-trade related . . .	3,884	209	204
Deposits, petty cash and advances	147	109	319
Lease security deposits	6,138	6,138	5,364
Platform service deposit	–	–	6,000
Others	3,134	–	948
	13,303	6,456	12,835
Less: Impairment loss allowance for other receivables . .	(459)	(305)	(500)
	12,844	6,151	12,335
Prepayment			
Amounts due from related parties - trade related	106,022	13,110	25,637
Amounts due from subsidiaries - trade related	–	–	422,862
Prepaid expenses	23,136	43,871	63,576
Prepayment for long-term assets	93,140	90,000	7,457
	222,298	146,981	519,532
Total trade, bills and other receivables and prepayment	1,815,931	1,708,059	2,380,316
Analyzed as:			
Non-current	98,975	237,679	85,182
Current	1,716,956	1,470,380	2,295,134
	1,815,931	1,708,059	2,380,316

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The following is an aging analysis of trade receivables, presented based on invoice dates at the end of each reporting period.

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 6 months	910,453	980,217	1,253,671
6 months to 1 year	133,436	13,553	14,625
1 to 2 years	76,850	178,147	23,263
Over 2 years	62,003	124,838	198,998
	<u>1,182,742</u>	<u>1,296,755</u>	<u>1,490,557</u>

As at January 1, 2023, the Group’s trade receivables amounted to RMB1,105,704,000.

The Company

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 6 months	1,439,810	1,442,366	1,832,380
6 months to 1 year	107,277	13,514	10,832
1 to 2 years	29,802	144,895	17,462
Over 2 years	7,273	34,887	92,168
	<u>1,584,162</u>	<u>1,635,662</u>	<u>1,952,842</u>

As at January 1, 2023, the Company’s trade receivables amounted to RMB1,324,084,000.

Details of impairment assessment of trade and other receivables are set out in note 43.

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28. CONTRACT ASSETS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets	118,214	272,119	385,287
Less: Impairment loss allowance for contract assets . . .	(22,235)	(26,958)	(31,959)
	<u>95,979</u>	<u>245,161</u>	<u>353,328</u>

As at January 1, 2023, the Group’s contract assets amounted to RMB112,353,000.

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets	99,141	217,416	302,985
Less: Impairment loss allowance for contract assets . . .	(22,101)	(26,079)	(31,583)
	<u>77,040</u>	<u>191,337</u>	<u>271,402</u>

As at January 1, 2023, the Company’s contract assets amounted to RMB56,988,000.

The contract assets primarily relate to the Group’s right to consideration for design service completed but not billed according to the payment milestone agreed in the contract. The contract assets are transferred to trade receivables after meet the payment milestone.

29. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	20,390	20,222	16,313
Deferred tax liabilities	(20,390)	(20,222)	(16,313)
	<u>—</u>	<u>—</u>	<u>—</u>

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The following are the major deferred tax assets/(liabilities) recognized and movements thereon during Tracking Record Periods:

The Group

	Impairments	Tax losses	Accrued expenses	Deferred Income	Right-of-use assets	Lease liabilities	Fair value adjustments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	819	13,807	1,207	964	(2,930)	2,930	(21,262)	4,465	–
Credit (charge) to profit or loss	327	(589)	(737)	930	646	(152)	3,156	(3,581)	–
At December 31, 2023	<u>1,146</u>	<u>13,218</u>	<u>470</u>	<u>1,894</u>	<u>(2,284)</u>	<u>2,778</u>	<u>(18,106)</u>	<u>884</u>	<u>–</u>
(Charge) credit to profit or loss	(161)	390	508	(865)	210	45	(42)	(85)	–
At December 31, 2024	<u>985</u>	<u>13,608</u>	<u>978</u>	<u>1,029</u>	<u>(2,074)</u>	<u>2,823</u>	<u>(18,148)</u>	<u>799</u>	<u>–</u>
(Charge) credit to profit or loss	(202)	(1,396)	(84)	(151)	870	(2,040)	3,039	(36)	–
At December 31, 2025	<u>783</u>	<u>12,212</u>	<u>894</u>	<u>878</u>	<u>(1,204)</u>	<u>783</u>	<u>(15,109)</u>	<u>763</u>	<u>–</u>

The Group has deductible temporary differences of RMB 1,027 million, RMB 1,284 million and RMB 1,244 million at December 31, 2023, 2024 and 2025, respectively. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The Group has unused tax losses of approximately RMB1,427 million, RMB2,613 million and RMB3,757 million at December 31, 2023, 2024 and 2025, respectively, available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit streams. Unrecognized tax losses with expiry dates as disclosed in the following table:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	2,945	2,945	–
2026	36,121	2,188	–
2027	14,606	14,606	2,888
2028	19,796	19,796	3,376
2029	104,531	106,155	106,155
2030	203,310	203,310	213,175
After 2031	1,034,770	2,259,633	3,426,598
Indefinite	10,452	4,203	4,339
	<u>1,426,531</u>	<u>2,612,836</u>	<u>3,756,531</u>

The Company has deductible temporary differences of RMB265 million, RMB339 million and RMB371 million at December 31, 2023, 2024 and 2025, respectively. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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The Company has unused tax losses of approximately RMB1,157 million, RMB2,126 million and RMB3,013 million at December 31, 2023, 2024 and 2025, respectively, available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit streams. Unrecognized tax losses with expiry dates as disclosed in the following table:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025.	2,945	2,945	—
2026.	—	—	—
2027.	—	—	—
2028.	—	—	—
2029.	104,531	104,531	104,531
2030.	194,626	194,626	194,626
After 2031	855,200	1,824,331	2,713,771
	1,157,302	2,126,433	3,012,928

30. TRADE AND OTHER PAYABLES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– due to related parties - trade related	2,074	33,626	24,237
– due to third parties	93,994	129,540	301,634
	96,068	163,166	325,871
Other payables			
– due to related parties - non-trade related	5,164	2,441	1,781
– due to third parties	—	—	—
Salary and bonus payables	161,153	190,741	200,821
Payables for purchase of intangible assets	83,672	206,056	139,947
Other tax payable	31,120	38,286	55,899
Payables for purchase of property and equipment	5,574	9,925	1,876
Accrued professional expenses	9,541	8,942	12,509
Payable for network services fee	1,452	4,506	12,626
Advances for reimbursable expenses	—	—	47,382
Others	7,741	9,788	11,226
	305,417	470,685	484,067
Total trade and other payables	401,485	633,851	809,938
Analyzed as:			
Non-current	40,996	83,221	39,393
Current	360,489	550,630	770,545
	401,485	633,851	809,938

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– due to related parties - trade related	2,074	33,626	24,236
– due to subsidiaries - trade related	183,206	350,447	245,790
– due to third parties	31,745	38,966	117,083
	217,025	423,039	387,109
Other payables			
– due to related parties - non-trade related	5,164	2,441	798
– due to subsidiaries - non-trade related	19	6	706
– due to third parties, including:			
Salary and bonus payables	61,878	74,674	83,301
Payables for purchase of intangible assets	23,269	61,153	57,649
Other tax payable	4,813	6,180	26,843
Payables for purchase of property and equipment	597	3,934	834
Accrued professional expenses	4,770	4,121	8,675
Payable for network services fee	1,452	4,506	9,228
Advances for reimbursable expenses	–	–	47,382
Others	2,995	4,249	6,012
	104,957	161,264	241,428
Total trade and other payables	321,982	584,303	628,537
Analyzed as:			
Non-current	3,387	6,361	15,434
Current	318,595	577,942	613,103
	321,982	584,303	628,537

All the trade payables are with a maturity period of less than one year which based on the invoice dates at the end of each reporting period.

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31. BORROWINGS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans	754,365	1,144,247	1,567,199
Unsecured	417,807	844,062	1,043,457
Secured and guaranteed	336,558	300,185	523,742
	754,365	1,144,247	1,567,199
Carrying amount repayable as follows*:			
– within one year	94,754	251,436	442,886
– more than one year but not more than two years . .	195,872	378,252	476,077
– more than two year but not more than five years . .	373,655	428,477	306,749
– more than five years	90,084	86,082	341,487
	754,365	1,144,247	1,567,199
Less: Amount due for settlement within one year shown under current liabilities	(94,754)	(251,436)	(442,886)
Amount of borrowings on demand due to the breach of financial covenants (shown under current liabilities).	–	(60,258)	–
Amounts shown under non-current liabilities	659,611	832,553	1,124,313

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As of December 31, 2023, 2024 and 2025, the pledged loans of RMB230,250,000, RMB299,895,000 and RMB235,303,000 were secured by property and equipment. (note 18).

As of December 31, 2025, the pledged loan of RMB288,000,000 was secured by the Group’s shares in TSXY.

In respect of bank borrowings with carrying amount of RMB168,066,000, RMB274,758,000 and RMB522,027,000 as at December 31, 2023, 2024 and 2025, respectively, the Group is required to comply with the following financial covenants which are tested on a frequent basis.

In respect of a bank loan with a carrying amount of RMB60,258,000 as at December 31, 2024, the Group breached certain of the terms of the bank loan, which are primarily related to the debt-equity ratio of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at December 31, 2024, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at December 31, 2024.

Other than the above, the Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans	417,807	844,062	1,331,699
Unsecured	417,807	844,062	1,043,457
Secured and guaranteed	—	—	288,242
	417,807	844,062	1,331,699
Carrying amount repayable as follows*:			
– within one year	58,366	186,781	366,111
– more than one year but not more than two years . .	131,221	301,466	411,431
– more than two year but not more than five years . .	228,220	355,815	294,739
– more than five years	—	—	259,418
	417,807	844,062	1,331,699
Less: Amount due for settlement within one year shown under current liabilities	(58,366)	(186,781)	(366,111)
Amount of borrowings that are prepayable on demand due to the breach of financial covenants (shown under current liabilities) . . .	—	(60,258)	—
Amounts shown under non-current liabilities	359,441	597,023	965,588

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	199,694	217,102	108,093
Variable-rate borrowings	554,671	927,145	1,459,106
	754,365	1,144,247	1,567,199

The Group’s variable-rate borrowings as at December 31, 2023, 2024 and 2025 were denominated in RMB which carried the floating rate at loan prime rate plus spread of certain percentage agreed in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Effective interest rate:			
Fixed-rate borrowings	3.40% to 3.65%	2.85% to 3.15%	2.70% to 3.00%
Variable-rate borrowings	3.30% to 3.65%	2.80% to 3.45%	2.34% to 2.90%

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32. LEASE LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	20,393	37,351	35,430
Within a period of more than one year but not exceeding two years	10,443	27,416	20,522
Within a period of more than two years but not exceeding five years	11,823	17,112	15,159
Exceeding five years	–	–	3,971
	42,659	81,879	75,082
Less: Amounts due for settlement within 12 months shown under current liabilities	(20,393)	(37,351)	(35,430)
Amounts due for settlement after 12 months shown under non-current liabilities	22,266	44,528	39,652

The Group’s incremental borrowing rates applied to lease liabilities ranged from 3.65% to 4.75%, 3.65% to 5.39% and 3.50% to 5.39% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

33. PROVISIONS

The Group

	Litigation	Provision for onerous contract	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,538	15,633	17,171
Utilization of provision	–	(3,828)	(3,828)
Exchange adjustment	91	–	91
At December 31, 2023	1,629	11,805	13,434
Utilization of provision	–	(641)	(641)
Exchange adjustment	(69)	–	(69)
At December 31, 2024	1,560	11,164	12,724
Utilization of provision	–	(808)	(808)
Exchange adjustment	147	–	147
At December 31, 2025	1,707	10,356	12,063

The provision for onerous contracts relates to certain NRE contracts with customers under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to strategic initiative to strengthen relationships with key customers, drive future business opportunities.

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34. CONTRACT LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advance from customers	486,741	606,777	1,258,496
Analyzed as:			
Non-current	33,219	—	—
Current	453,522	606,777	1,258,496
	<u>486,741</u>	<u>606,777</u>	<u>1,258,496</u>

As at January 1, 2023, contract liabilities of the Group amounted to RMB546,436,000.

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advance from customers	207,603	282,961	873,708
Analyzed as:			
Non-current	33,219	—	—
Current	174,384	282,961	873,708
	<u>207,603</u>	<u>282,961</u>	<u>873,708</u>

As at January 1, 2023, contract liabilities of the Company amounted to RMB264,369,000.

The Group’s contract liabilities mainly consist of advance payment received from customs of design services and IP license. The majority of the contract liabilities was/will be recognized as revenue in the following fiscal year.

35. DEFERRED INCOME

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants related to assets	1,286	2,400	—
Other government grants	2,832	18,184	2,291
	<u>4,118</u>	<u>20,584</u>	<u>2,291</u>

36. PUTTABLE SHARES LIABILITY

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Puttable shares liability (i)	—	—	570,000
	<u>—</u>	<u>—</u>	<u>570,000</u>

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Note:

- (i) On October 10, 2025, the Group established TSXY, in which the Group holds 100% of the equity interest. On December 12, 2025, the Group entered into a capital increase agreement and shareholders’ agreement with third-party investors in relation to TSXY. Following the completion of the capital increase on December 31, 2025, the Group’s ownership interest was diluted to 40%, making it the largest single shareholder of TSXY, while retaining control over the entity. The shareholders agreement stipulates during the period from 12 months to 36 months after the capital increase is completed, the Group have the right to purchase other investors’ shares in TSXY, in accordance with PRC laws and regulations and the requirements of regulatory authorities, through cash payment and/or issue shares and/or convertible bonds at prices and on terms mutually agreed by all the parties either by the Group itself or through designated third party. The shareholders agreement also includes an exit arrangement that on the date 36 months after the capital contribution payment date, the other investors have the right to require the Company, by written notice, to repurchase all or part of their equity interests in TSXY at a price equal to the original investment principal plus a fixed interest rate. As of December 31, 2025, both the Company and the other investors have fully paid in their respective subscribed capital contributions to TSXY. Accordingly, the Company has recognized the capital contributions received from third-party investors as a financial liability measured at amortized cost.

37. DERIVATIVE LIABILITIES AT FVTPL

The Company

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Derivative liabilities at FVTPL (i)	–	–	216,798

- (i) In accordance with the exit arrangements granted to the third-party shareholders of TSXY, as further described in note 36, the Company recognized the put option held by the third-party shareholder as a derivative liability at FVTPL.

38. SHARE CAPITAL AND TREASURY SHARES

Share Capital

Details of movements of authorized and issued share capital of the Company are as follows:

	Number of shares	Share capital RMB’000
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid		
At January 1, 2023	497,750,682	497,751
Exercise of share-based payment (i)	2,160,550	2,160
At December 31, 2023	499,911,232	499,911
Exercise of share-based payment (i)	443,850	444
At December 31, 2024	500,355,082	500,355
Issuance of shares (ii)	24,860,441	24,860
Exercise of share-based payment (i)	642,750	643
At December 31, 2025	525,858,273	525,858

Notes:

- (i) Pursuant to the 2020 Restricted A Share Incentive Plan (“**2020 Plan**”) approved by the Board on December 25, 2020, and the 2022 Restricted Share Incentive Plan (“**2022 Plan**”) approved on January 21, 2022, the Company issued ordinary shares upon exercise of vested restricted share awards. The Company’s share capital increased by RMB2,160,550, RMB443,850 and RMB642,750 in the years ended December 31, 2023, 2024 and 2025, respectively.
- (ii) Pursuant to the approval of private placement by the China Securities Regulatory Commission on March 20, 2025, the Company issued the ordinary shares and share capital was increased by RMB24,860,441.

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Treasury Shares

	Number of shares	Treasury Shares <i>RMB’000</i>
Ordinary shares of RMB1.00 each		
At January 1, 2023, December 31, 2023 and 2024	–	–
Repurchase of shares (iii)	287,000	24,836
	<u>287,000</u>	<u>24,836</u>
At December 31, 2025	<u>287,000</u>	<u>24,836</u>

(iii) On July 22, 2025, the Company repurchase 287,000 of treasury shares for future employee incentive plan.

39. RESERVES

	Share premium <i>RMB’000</i>	Translation reserve <i>RMB’000</i>	Share-based payments reserve <i>RMB’000</i>	Accumulated losses <i>RMB’000</i>	Total <i>RMB’000</i>
At January 1, 2023	3,824,256	(48,829)	153,033	(1,518,991)	2,409,469
Loss for the year	–	–	–	(296,467)	(296,467)
Exchange differences arising on translation to presentation currency	–	(569)	–	–	(569)
Exercise of share-based payment	159,569	–	(78,043)	–	81,526
Recognition of equity-settled share-based payments	–	–	3,605	–	3,605
Others	2,818	–	–	–	2,818
At December 31, 2023	3,986,643	(49,398)	78,595	(1,815,458)	2,200,382
Loss for the year	–	–	–	(600,879)	(600,879)
Exchange differences arising on translation to presentation currency	–	(2,118)	–	–	(2,118)
Exercise of share-based payment	36,535	–	(19,877)	–	16,658
Recognition of equity-settled share-based payments	–	–	7,290	–	7,290
Others	630	–	–	–	630
At December 31, 2024	4,023,808	(51,516)	66,008	(2,416,337)	1,621,963
Loss for the year	–	–	–	(527,813)	(527,813)
Exchange differences arising on translation to presentation currency	–	1,162	–	–	1,162
Issue of shares (i)	1,755,402	–	–	–	1,755,402
Exercise of share-based payment	54,617	–	(30,494)	–	24,123
Recognition of equity-settled share-based payments	–	–	41,613	–	41,613
Others	34	–	–	–	34
At December 31, 2025	5,833,861	(50,354)	77,127	(2,944,150)	2,916,484

Notes:

- (i) Pursuant to the approval of private placement by the China Securities Regulatory Commission on March 20, 2025, the Company issued the ordinary shares and share premium was increased by RMB1,755,402,000.

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40. SHARE-BASED PAYMENT TRANSACTION

Equity-settled share option scheme of the Company

2020 Restricted A Share Incentive Scheme

On December 25, 2020, the Group approved the 2020 Restricted A Share Incentive Scheme, under which 3.082 million restricted shares were provisionally granted to 444 eligible participants at an exercise price of RMB38.53 per share. According to the plan, employees receiving the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; the second tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date; and the third tranche shall vest from the first trading day after the 48th month from the initial grant date to the last trading day within the 60th month from the initial grant date.

On August 3, 2021, the grant conditions specified under the 2020 Restricted A Share Incentive Scheme were satisfied. The Group approved the resolution to grant reserved restricted shares to eligible participants, under which 412,000 restricted shares were granted to 62 participants at an exercise price of RMB38.53 per share. According to the plan, employees receiving the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; the second tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date; and the third tranche shall vest from the first trading day after the 48th month from the initial grant date to the last trading day within the 60th month from the initial grant date.

On December 20, 2021, the grant conditions specified under the 2020 Restricted A Share Incentive Scheme were satisfied. The Group approved the resolution to grant reserved restricted shares to eligible participants, under which 356,000 restricted shares were provisionally granted to 27 participants at an exercise price of RMB38.53 per share. According to the plan, employees receiving the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; the second tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date; and the third tranche shall vest from the first trading day after the 48th month from the initial grant date to the last trading day within the 60th month from the initial grant date.

2022 Restricted A Share Incentive Scheme

On January 20, 2022, the Group approved the 2022 Restricted A Share Incentive Scheme, under which 3.43 million restricted shares were provisionally granted to 1,099 eligible participants at an exercise price of RMB39.00 per share. According to the plan, employees receiving the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 12th month from the initial grant date to the last trading day within the 24th month from the initial grant date; the second tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; and the third tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date.

On October 27, 2022, the grant conditions specified under the 2022 Restricted A Share Incentive Scheme were satisfied. The Group granted 582,500 restricted shares to 34 eligible participants at an exercise price of RMB39.00 per share. According to the plan, employees receiving the reserved portion of the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 12th month from the initial grant date to the last trading day within the 24th month from the initial grant date; the second tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; and the third tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date.

2025 Restricted A Share Incentive Scheme

On November 6, 2025, the Group approved the 2025 Restricted A Share Incentive Scheme, under which 6.4385 million restricted shares were provisionally granted to 1,123 eligible participants at an award price of RMB84.58 per share. According to the plan, employees receiving the restricted shares shall vest their awards in three tranches according to the predetermined vesting schedule. The first tranche shall vest from the first trading day after the 12th month from the initial grant date to the last trading day within the 24th month from the initial grant date; the second tranche shall vest from the first trading day after the 24th month from the initial grant date to the last trading day within the 36th month from the initial grant date; and the third tranche shall vest from the first trading day after the 36th month from the initial grant date to the last trading day within the 48th month from the initial grant date.

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The following restricted shares were outstanding under the Restricted A Share Incentive Scheme during the Track Record Period:

	December 31, 2023	
	Number of Restricted shares	Weighted average vesting price
		RMB
Outstanding at beginning of year	6,776,000	/
Forfeited during the year	(351,950)	38.69
Exercised during the year	(2,160,550)	37.84
Outstanding at the end of the year	4,263,500	/

	December 31, 2024	
	Number of Restricted shares	Weighted average vesting price
		RMB
Outstanding at beginning of year	4,263,500	/
Forfeited during the year	(1,738,250)	38.89
Exercised during the year	(443,850)	44.81
Outstanding at the end of the year	2,081,400	/

	December 31, 2025	
	Number of Restricted shares	Weighted average vesting price
		RMB
Outstanding at beginning of year	2,081,400	/
Granted during the year	6,438,500	84.58
Forfeited during the year	(1,395,150)	40.08
Exercised during the year	(642,750)	47.50
Outstanding at the end of the year	6,482,000	/

The Black-Scholes option pricing model has been used to estimate the fair value of the restricted shares. The variables and assumptions used in computing the fair value of the restricted shares are based on the directors’ of the Company best estimate.

Changes in variables and assumptions may result in changes in the fair value of the restricted shares. The inputs into the model were as follows:

	At the grant dates of			
	2020	2021	2022	2025
	RMB	RMB	RMB	RMB
Weighted average price of common stock . . .	76.10	72.00-74.80	52.51-63.65	157.35
Exercise price of common stock	38.53	38.53	39.00	84.58
	56.08%-	56.07%-	50.58%-	53.35%-
Expected volatility rate	57.38%	61.34%	61.32%	56.52%
Expected vesting years	3 years	3 years	3 years	3 years
	2.89%-	2.10%-	1.50%-	1.50%-
Risk-free rate	3.00%	2.75%	2.75%	2.75%

For the years ended December 31, 2023, 2024 and 2025, the Group’s total share-based payment expenses recognized in the consolidated statements of profit or loss and other comprehensive income in relation to restricted shares granted by the Company is RMB3,605,000, RMB7,290,000 and RMB41,613,000, respectively.

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41. CAPITAL COMMITMENTS

The Group had capital commitments under non-cancelable contracts as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of purchase of inventory and other current assets contracted for but not provided in the consolidated financial statements . . .	224,126	64,124	35,000

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities 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 Group’s overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowing and lease liabilities disclosed in notes 31 and 32 respectively, net of cash and cash equivalents and equity of the Group, comprising issued share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

43. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Trade, bills and other receivables	1,100,343	1,128,838	1,299,022
Financial assets at FVTPL	599,764	313,399	1,156,297
Cash and cash equivalents	685,253	642,835	2,006,425
Restricted bank balances	3,527	104,101	1,089
Time deposits	—	—	70,698
	<u>2,388,887</u>	<u>2,189,173</u>	<u>4,533,531</u>
Financial liabilities			
Borrowings	754,365	1,144,247	1,567,199
Trade and other payables	209,212	404,824	505,836
Puttable shares liability	—	—	570,000
	<u>963,577</u>	<u>1,549,071</u>	<u>2,643,035</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Trade, bills and other receivables	1,593,633	1,561,078	1,860,784
Financial assets at FVTPL	482,782	264,372	1,085,381
Cash and cash equivalents	395,773	480,893	867,352
Restricted bank balances	–	100,000	2
Time deposits	–	–	70,698
	<u>2,472,188</u>	<u>2,406,343</u>	<u>3,884,217</u>
Financial liabilities			
Borrowings	417,807	844,062	1,331,699
Trade and other payables	255,291	503,449	471,011
Derivative liabilities at FVTPL	–	–	216,798
	<u>673,098</u>	<u>1,347,511</u>	<u>2,019,508</u>

b. Financial risk management objectives and policies

The Group’s major financial instruments include Trade bills and other receivables, financial assets at FVTPL, Cash and cash equivalents, Restricted bank balances, Time deposits, Borrowings, Trade and other payables, and Puttable shares liability. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group’s activities expose it primarily to the market risks of currency risk, interest rate risk and other price risk. Market risk exposures are further measured by sensitivity analysis. Details of each type of market risks are described as follows:

(i) *Currency risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of the Group’s foreign denominated monetary assets and intra-group balances at the end of each reporting period are as follows:

	Assets			Liabilities		
	As at December 31,			As at December 31,		
	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
USD	221,233	260,264	20,856	58,860	89,753	52,547
EUR	156	150	164	472	–	889
HKD	733	9,727	29	120	–	57
RMB	129	369	370	–	–	–
	<u>222,251</u>	<u>270,510</u>	<u>21,419</u>	<u>59,452</u>	<u>89,753</u>	<u>53,493</u>

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Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies during the Track Record Period. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in loss after taxation where RMB strengthens 5% against the functional currency of the Group.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
USD	(8,119)	(8,526)	1,585
EUR	16	(8)	36
HKD	(31)	(486)	1

(ii) Interest rate risk

The Group’ interest rate risk primarily is in relation to its floating-rate bank borrowings in note 31. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions at the time. As of December 31, 2023, 2024 and 2025, the amount of the Group’s floating-rate borrowings was RMB554,671,000, RMB927,145,000, and RMB1,459,106,000. The Group’s policy is to maintain the current interest rate profile of its borrowings.

The following illustrates assuming all other variables remain constant, the reasonably possible changes in interest rates on loss before tax. A positive number below indicates an effects of after taxation and vice versa.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0.3% increase in interest rate	1,664	2,781	4,377
0.3% decrease in interest rate	(1,664)	(2,781)	(4,377)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to Trade, bills and other receivables, Contract assets, Cash and cash equivalents, Restricted bank balances and Time deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets

In order to minimize the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade and other receivables and contract assets based on individual assessment and provision matrix. In this regard, the directors of the Company consider that the Group’s credit risk is significantly reduced.

Trade and other receivables and contract assets that are individually significant and for which there is evidence indicating the debtor is experiencing several financial difficulties are assessed for impairment individually. All other amounts are grouped based on shared credit risk characteristics, including credit risk rating, initial recognition date, remaining contract terms and geographical locations. For the year ended December 31, 2023, 2024 and 2025, impairment of RMB125,278,000, RMB43,817,000 and RMB26,868,000 for trade receivables and contract assets is recognized, respectively.

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The following table shows the Group’s credit risk grading framework in respect of trade receivables and contract assets:

Category	Description	12m or lifetime ECL
R1	Key customers in Mainland China	Lifetime ECL – not credit-impaired
R2	Key customers in United States of American	Lifetime ECL – not credit-impaired
R3	Key customers in Taiwan, China	Lifetime ECL – not credit-impaired
R4	Key customers in European	Lifetime ECL – not credit-impaired
R5	Key customers in East Asia	Lifetime ECL – not credit-impaired
R6	All small and medium-sized customers	Lifetime ECL – credit-impaired
R7	Related parties within the group	Lifetime ECL – not credit-impaired
R8	High risk customers	Lifetime ECL – credit-impaired
Default	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Lifetime ECL – credit-impaired

Details of the quantitative disclosures are set out below in this note.

Cash and cash equivalents, restricted bank balances and time deposits

Credit risk on cash and cash equivalents, restricted bank balances and time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents and restricted bank balances and time deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents and restricted bank balances and time deposits is considered to be insignificant and therefore no loss allowance has been recognized.

Other receivables

For other receivables, the management makes periodic assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL or lifetime ECL.

The following table shows the Group’s credit risk grading framework in respect of other financial assets:

Category	Description	12m or lifetime ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit-impaired

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The tables below detail the credit risk exposures of the Group’s financial assets which are subject to ECL assessment:

<u>December 31, 2023</u>	<u>notes</u>	<u>Internal credit ratings</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u>
				<i>RMB’000</i>
Trade receivables	27	R1-R5	Lifetime ECL – not credit-impaired	991,596
		R6 and R8	Lifetime ECL – credit-impaired	99,383
		Default	Lifetime ECL – credit-impaired	91,763
Bills receivables	27	Performing	12m ECL	62,638
Other receivables	27	Performing	12m ECL	15,926
		Doubtful	Lifetime ECL – not credit-impaired	1,059
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	82,899
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Restricted bank balances . . .	26	Performing	12m ECL	3,527
Cash and cash equivalents . .	26	Performing	12m ECL	685,253
<u>December 31, 2024</u>	<u>notes</u>	<u>Internal credit ratings</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u>
				<i>RMB’000</i>
Trade receivables	27	R1-R5	Lifetime ECL – not credit-impaired	1,059,344
		R6 and R8	Lifetime ECL – credit-impaired	126,338
		Default	Lifetime ECL – credit-impaired	111,073
Bills receivables	27	Performing	12m ECL	20,270
Other receivables	27	Performing	12m ECL	12,842
		Doubtful	Lifetime ECL – not credit-impaired	815
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	236,804
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Restricted bank balances . . .	26	Performing	12m ECL	104,101
Cash and cash equivalents . .	26	Performing	12m ECL	642,835
<u>December 31, 2025</u>	<u>notes</u>	<u>Internal credit ratings</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u>
				<i>RMB’000</i>
Trade receivables	27	R1-R5	Lifetime ECL – not credit-impaired	1,248,083
		R6 and R8	Lifetime ECL – credit-impaired	141,045
		Default	Lifetime ECL – credit-impaired	101,429
Bills receivables	27	Performing	12m ECL	5,827
Other receivables	27	Performing	12m ECL	23,858
		Doubtful	Lifetime ECL – not credit-impaired	797
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	349,972
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Time deposits	26	Performing	12m ECL	70,698
Restricted bank balances . . .	26	Performing	12m ECL	1,089
Cash and cash equivalents . .	26	Performing	12m ECL	2,006,425

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The tables below detail the credit risk exposures of the Company’s financial assets which are subject to ECL assessment:

December 31, 2023	<i>notes</i>	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	27	R1-R5, R7	Lifetime ECL – not credit-impaired	1,501,036
		R6 and R8	Lifetime ECL – credit-impaired	70,502
		Default	Lifetime ECL – credit-impaired	12,624
Bills receivables	27	Performing	12m ECL	62,638
Other receivables	27	Performing	12m ECL	13,303
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	63,826
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Cash and cash equivalents . .	26	Performing	12m ECL	395,773
December 31, 2024	<i>notes</i>	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	27	R1-R5, R7	Lifetime ECL – not credit-impaired	1,513,640
		R6 and R8	Lifetime ECL – credit-impaired	91,246
		Default	Lifetime ECL – credit-impaired	30,776
Bills receivables	27	Performing	12m ECL	20,270
Other receivables	27	Performing	12m ECL	6,456
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	182,101
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Restricted bank balances . . .	26	Performing	12m ECL	100,000
Cash and cash equivalents . .	26	Performing	12m ECL	480,893
December 31, 2025	<i>notes</i>	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	27	R1-R5, R7	Lifetime ECL – not credit-impaired	1,831,748
		R6 and R8	Lifetime ECL – credit-impaired	99,581
		Default	Lifetime ECL – credit-impaired	21,513
Bills receivables	27	Performing	12m ECL	5,827
Other receivables	27	Performing	12m ECL	12,835
Contract assets	28	R1-R5	Lifetime ECL – not credit-impaired	267,670
		R6 and R8	Lifetime ECL – credit-impaired	30,192
		Default	Lifetime ECL – credit-impaired	5,123
Time deposits	26	Performing	12m ECL	70,698
Restricted bank balances . . .	26	Performing	12m ECL	2
Cash and cash equivalents . .	26	Performing	12m ECL	867,352

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Movements of impairment loss allowance

Movement of impairment loss allowance at lifetime ECL on trade receivables and contract assets for the Track Record Periods:

The Group

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	13,565	44,045	57,610
Transfer to credit-impaired	(1,433)	1,433	–
Impairment losses recognized	8,569	116,831	125,400
Impairment losses reversed	–	(122)	(122)
Exchange adjustment	3	447	450
At December 31, 2023	20,704	162,634	183,338
Transfer to credit-impaired	(836)	836	–
Impairment losses recognized	12,545	33,145	45,690
Impairment losses reversed	–	(1,873)	(1,873)
Exchange adjustment	2	916	918
At December 31, 2024	32,415	195,658	228,073
Transfer to credit-impaired	(589)	589	–
Impairment losses recognized	8,125	30,472	38,597
Impairment losses reversed	–	(11,729)	(11,729)
Write-off of receivables	–	(421)	(421)
Exchange adjustment	(1)	(1,546)	(1,547)
At December 31, 2025	39,950	213,023	252,973

The Company

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	9,528	11,713	21,241
Transfer to credit-impaired	(1,110)	1,110	–
Impairment losses recognized.	10,985	55,866	66,851
At December 31, 2023	19,403	68,689	88,092
Transfer to credit-impaired	(805)	805	–
Impairment losses recognized.	11,590	27,628	39,218
Impairment losses reversed	–	(233)	(233)
At December 31, 2024	30,188	96,889	127,077
Transfer to credit-impaired	(309)	309	–
Impairment losses recognized.	6,849	18,329	25,178
Impairment losses reversed	–	(10,454)	(10,454)
At December 31, 2025	36,728	105,073	141,801

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Movement of impairment loss allowance at other receivables for the Track Record Periods:

The Group

	12m ECL	Lifetime ECL (not impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	566	132	698
Impairment losses recognized	296	32	328
Impairment losses reversed	(93)	(37)	(130)
Exchange adjustment	–	3	3
At December 31, 2023	769	130	899
Impairment losses recognized	18	1	19
Impairment losses reversed	(166)	(31)	(197)
Exchange adjustment	–	1	1
At December 31, 2024	621	101	722
Impairment losses recognized	343	2	345
Impairment losses reversed	(14)	(50)	(64)
Exchange adjustment	–	(2)	(2)
At December 31, 2025	950	51	1,001

The Company

	12m ECL	Lifetime ECL (not impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	296	–	296
Impairment losses recognized.	163	–	163
At December 31, 2023	459	–	459
Impairment losses reversed	(154)	–	(154)
At December 31, 2024	305	–	305
Impairment losses recognized.	196	–	196
Impairment losses reversed	(1)	–	(1)
At December 31, 2025	500	–	500

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Group’s remaining contractual maturity for its financial liabilities and lease liabilities. The table has 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 table includes both interest and principal cash flows.

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The Group

At December 31, 2023	Weighted average effective interest rate	less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables . . .	1.65%	175,620	37,053	–	212,673	209,212
Borrowings	3.11%	118,869	603,842	120,110	842,821	754,365
Lease liabilities	4.06%	20,660	24,520	–	45,180	42,659
		<u>315,149</u>	<u>665,415</u>	<u>120,110</u>	<u>1,100,674</u>	<u>1,006,236</u>
At December 31, 2024	Weighted average effective interest rate	less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables . . .	1.54%	334,097	76,944	–	411,041	404,824
Borrowings	2.72%	281,402	840,222	110,361	1,231,985	1,144,247
Lease liabilities	4.01%	38,919	47,002	–	85,921	81,879
		<u>654,418</u>	<u>964,168</u>	<u>110,361</u>	<u>1,728,947</u>	<u>1,630,950</u>
At December 31, 2025	Weighted average effective interest rate	less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables . . .	2.35%	477,825	39,905	–	517,730	505,836
Borrowings	2.80%	478,395	838,309	388,120	1,704,824	1,567,199
Lease liabilities	3.87%	36,455	37,491	4,287	78,233	75,082
Puttable shares liability . . .	8.00%	–	706,800	–	706,800	570,000
		<u>992,675</u>	<u>1,622,505</u>	<u>392,407</u>	<u>3,007,587</u>	<u>2,718,118</u>

Fair value measurements of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market—observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group establishes appropriate valuation techniques and inputs to the models utilized to estimate the fair value of the financial instruments.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

Fair values are categorized into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets 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).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed below.

(i) *Fair value of financial instruments that are measured at fair value on a recurring basis*

Some of the Group’s and the Company’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

	Fair value			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
	As at December 31,					
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial asset at FVTPL:						
Listed equity securities	–	–	38,903	Level 1	Market approach Quoted price in stock exchange	None
Investment in financial products issued by banks and other financial institutions	400,130	112,276	923,813	Level 2	Cash flow discounted using the expected return based on observable market inputs.	Expected return rate
Unlisted equity securities . . .	199,634	201,123	193,581	Level 3	Market approach- Market multiples or Back-solved method	Future business scenario's probability, comparable companies' market multiple, comparable companies' market volatility.

The Company

	Fair value			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
	As at December 31,					
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial asset at FVTPL:						
Investment in financial products issued by banks and other financial institutions	300,043	80,144	891,801	Level 2	Cash flow discounted using the expected return based on observable market inputs.	Expected return rate
Unlisted equity securities . . .	182,739	184,228	193,581	Level 3	Market approach- Market multiples or Back-solved method	Future business scenario's probability, comparable companies' market multiple, comparable companies' market volatility.
Financial liabilities at FVTPL:						
Derivative liability	—	—	216,798	Level 3	Black-Scholes Model	Comparable companies' market volatility.

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(ii) *Reconciliation of Level 3 fair value measurements*

The Group

	At December 31,		
	Financial assets at FVTPL		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	206,927	199,634	201,123
Additions	13,000	–	–
Transfer to level 1	–	–	(16,895)
Fair value changes	(20,293)	1,489	9,353
At the end of the year	199,634	201,123	193,581

The Company

	At December 31,		
	Financial assets at FVTPL		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	190,032	182,739	184,228
Additions	13,000	–	–
Fair value changes	(20,293)	1,489	9,353
At the end of the year	182,739	184,228	193,581

Except for one investment in an unlisted equity security that was reclassified as a listed equity security in 2025, there were no transfers between different levels during the Track Record Periods.

(iii) *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The directors of the Company consider that the carrying amounts of the Group’s and the Company’s financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

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44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Trade and other payables	Lease Liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2023	349,435	66,067	50,201	465,703
Financing cash flows	404,568	(73,956)	(40,923)	289,689
New leases entered	–	–	31,480	31,480
New liability raised	–	96,785	–	96,785
Interest expenses	17,114	4,164	1,901	23,179
Interest paid	(16,752)	–	–	(16,752)
At December 31, 2023	754,365	93,060	42,659	890,084
Financing cash flows	388,819	(90,655)	(38,178)	259,986
New leases entered	–	–	74,308	74,308
New liability raised	–	160,780	–	160,780
Interest expenses	27,591	5,485	3,090	36,166
Interest paid	(26,529)	–	–	(26,529)
Others	1	–	–	1
At December 31, 2024	1,144,247	168,670	81,879	1,394,796
Financing cash flows	421,650	(86,245)	(45,460)	289,945
New leases entered	–	–	36,164	36,164
New liability raised	–	27,328	–	27,328
Interest expenses	34,380	4,476	2,499	41,355
Interest paid	(33,077)	–	–	(33,077)
Others	(1)	–	–	(1)
At December 31, 2025	1,567,199	114,229	75,082	1,756,510

45. RELATED PARTY DISCLOSURES

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The Company’s amounts due from subsidiaries were non-trading in nature, unsecured, interest-bearing and repayable on demand.

The relationship between the Group and related parties are as follow:

Company Name	The relationship with the Group
Wayne Wei-Ming Dai	Chief executive
Verisyno	Associate
GigaDevice Semiconductor Inc. (“Giga”)	A supervisor of the Group serves as a director of Giga
Shengna Technology (Shanghai) Co., Ltd. (“Shengna”)	The president of the Group serves as a director of Shengna; a director of the Group also serves as a director of Shengna
Alphawave IP Inc. (“Alphawave”)	A relative of the President of the Group serves as a director of Alphawave
V-Silicon Semiconductor (Hefei) Co., Ltd. (“V-Silicon”)	A senior executive of the Group serves as a director of V-Silicon
Supremicro Technologies (Zhejiang) Co., Ltd. (“Supremicro”)	A senior executive of the Group serves as a director of Supremicro
Hunan More Than Moore Advanced Semiconductor Co., Ltd. (“MTM”)	A director of the Group indirectly controls MTM
Guangzhou Zen Semiconductor Co., Ltd. (“ZENSEMI”) *	A director of the Group indirectly controls ZENSEMI and serves as its chairman.
Hangzhou Penkan Semiconductor Co., Ltd. (“Pensemi”) *	A senior executive of the Group serves as a director of Pensemi

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Company Name	The relationship with the Group
Shanghai Huali Integrated Circuit Co., Ltd. (“Huali”)	A senior executive of the Group serves as a director of Huali
Shanghai Open Processor Industry Innovation Center (“SOPIC”) *	The president of the Group serves as the chairman of SOPIC.
DreamBig Semiconductor Inc (“DreamBig”)	A relative of the President of the Group previously served as a director of DreamBig
Shanghai Yixin Health Technology Co., Ltd. (“Eheart”) * (i)	A director of the Group previously served as a director of Eheart
HuanYu Zhixing Technology Co., Ltd. (“In-Driving”) * (ii)	A senior executive of the Group previously served as a director of In-Driving

* The English names are for identification purpose only.

- (i) The director of the Group resigned from the related company’s directorship on September 11, 2023.
- (ii) The senior executive of the Group resigned from the related company’s directorship on July 13, 2023.

During the three years ended December 31, 2023, 2024 and 2025, the Group has following transactions and balances with related parties:

Trading Transactions

Revenue

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Verisyno	14,606	267	298
V-Silicon	114	–	–
Supremicro	9,633	7,293	–
DreamBig	44	–	–
ZENSEMI	–	5,525	–
Giga	–	7,425	9,136
Pensemi	–	–	82
Huali	–	–	6,887
	<u>24,397</u>	<u>20,510</u>	<u>16,403</u>

Purchase

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Verisyno	6,094	3,719	29,799
V-Silicon	8,425	–	13,582
Supremicro	–	–	6,450
Shengna	87	–	6
Alphawave	89,552	39,790	63,234
MTM	1,436	18,191	6,643
Pensemi	–	2,567	9,617
SOPIC	–	–	300
Eheart	82	–	–
In-Driving	1,875	–	–
	<u>107,551</u>	<u>64,267</u>	<u>129,631</u>

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Trading Balances

Trade, bills and other receivables and prepayment

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Verisyno	10,735	15,731	15,193
V-Silicon	—	1,367	—
Supremicro	4,502	5,010	4,405
Alphawave	104,482	—	16,690
MTM	—	11,083	8,946
In-Driving	1,540	—	—
	<u>121,259</u>	<u>33,191</u>	<u>45,234</u>

Trade and other payables

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Verisyno	1,662	—	153
V-Silicon	5,164	2,441	70
Supremicro	—	—	645
Alphawave	—	27,384	24,090
MTM	412	6,242	146
Pensemi	—	—	914
	<u>7,238</u>	<u>36,067</u>	<u>26,018</u>

Contract liabilities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
ZEMSEMI	5,000	5,000	5,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Periods is set out in note 14.

46. PLEDGE OF ASSETS

The Group’s certain investments, borrowings, and business had been secured by the pledge of the Group’s assets and the carrying amounts of the respective assets are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	3,527	104,101	1,089
Property and equipment	443,449	634,873	619,413
	<u>446,976</u>	<u>738,974</u>	<u>620,502</u>

The Group has also pledged its shareholding in TSXY for one of its bank borrowings.

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47. RESERVES OF THE COMPANY

Movement in the Company’s reserves

	Share premium	Share-based payments reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	2,294,274	148,834	81,096	2,524,204
Loss for the year	–	–	(123,976)	(123,976)
Exercise of share-based payment	159,569	(78,043)	–	81,526
Recognition of equity-settled share-based payments	–	3,605	–	3,605
Others	2,818	–	–	2,818
At December 31, 2023	2,456,661	74,396	(42,880)	2,488,177
Loss for the year	–	–	(590,799)	(590,799)
Exercise of share-based payment	36,535	(19,877)	–	16,658
Recognition of equity-settled share-based payments	–	7,290	–	7,290
Others	630	–	–	630
At December 31, 2024	2,493,826	61,809	(633,679)	1,921,956
Loss for the year	–	–	(437,105)	(437,105)
Issue of shares	1,755,402	–	–	1,755,402
Exercise of share-based payment	54,617	(30,494)	–	24,123
Recognition of equity-settled share-based payments	–	41,613	–	41,613
Others	34	–	–	34
At December 31, 2025	4,303,879	72,928	(1,070,784)	3,306,023

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the major subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Principal place of operation and incorporation/establishment	Paid up capital			Issued/registered capital	Proportion of ownership interest held by the company As at December 31,			As the date of issuance of the consolidated financial statements	Principal activities
		2023	2024	2025		2023	2024	2025		
VeriSilicon Microelectronics (Beijing) Co., Ltd. (“VeriSilicon Beijing”) (a)	Beijing, Mainland China	RMB4,928,974	RMB4,928,974	RMB4,928,974	RMB4,928,974	100%	100%	100%	[100%]	Research and development
VeriSilicon Microelectronics (Chengdu) Co., Ltd. (“VeriSilicon Chengdu”) (b)	Chengdu, Mainland China	RMB20,000,000	RMB20,000,000	RMB20,000,000	RMB20,000,000	100%	100%	100%	[100%]	Research and development
Vivante (Shanghai) Co., Ltd. (“Vivante Shanghai”) (c)	Shanghai, Mainland China	RMB1,515,180	RMB1,515,180	RMB1,515,180	RMB1,515,180	100%	100%	100%	[100%]	Research and development
VeriSilicon Microelectronics (Nanjing) Co., Ltd. (“VeriSilicon Nanjing”) (d)	Nanjing, Mainland China	RMB30,000,000	RMB30,000,000	RMB40,000,000	RMB100,000,000	100%	100%	100%	[100%]	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Hainan) Co., Ltd. (e)	Hainan, Mainland, China	RMB26,000,000	RMB26,000,000	RMB26,000,000	RMB50,000,000	100%	100%	100%	[100%]	Research and development
VeriSilicon Technology (Shanghai) Co., Ltd. (“VeriSilicon Technology”) (f)	Shanghai, Mainland China	RMB500,000,000	RMB500,000,000	RMB500,000,000	RMB500,000,000	100%	100%	100%	[100%]	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Guangzhou) Co., Ltd. (“VeriSilicon Guangzhou”) (g)	Guangzhou, Mainland China	Not applicable	Not applicable	–	RMB23,400,000	Not applicable	Not applicable	100%	[100%]	IP licensing, custom silicon and research and development
VeriSilicon Holdings Co., Ltd. (“VeriSilicon Cayman”) (h)	Cayman Island	USD50,000	USD50,000	USD50,000	USD50,000	100%	100%	100%	[100%]	Investment holding
VeriSilicon, Inc. (h)	United States of America	USD22,158,831.57	USD22,158,831.57	USD22,158,831.57	USD22,158,831.57	100%	100%	100%	[100%]	IP licensing, custom silicon and research and development
VeriSilicon (Hong Kong) Limited (“VeriSilicon HK”) (i)	Hong Kong, China	HK\$200,000	HK\$200,000	HK\$200,000	HK\$200,000	100%	100%	100%	[100%]	Custom silicon
Vivante Corporation (h)	United States of America	USD16,997,355.88	USD16,997,355.88	USD16,997,355.88	USD16,997,355.88	100%	100%	100%	[100%]	IP licensing, custom silicon and research and development

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- (a) The statutory financial statements of Verisilicon Beijing established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 北京和智會計師事務所 (普通合夥) for the years ended December 31, 2023 and 2024.
- (b) The statutory financial statements of Verisilicon Chengdu established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 四川萬方會計師事務所有限公司 for the year ended December 31, 2023 and 2024.
- (c) The statutory financial statements of Vivante Shanghai established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 上海旭日會計師事務所 (普通合夥) for the year ended December 31, 2023 and 2024.
- (d) The statutory financial statements of Verisilicon Nanjing established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 南京九泓會計師事務所 (普通合夥) for the year ended December 31, 2023 and 2024.
- (e) The statutory financial statements of Verisilicon Hainan established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 海南華宇會計師事務所有限公司 for the year ended December 31, 2023 and 2024.
- (f) The statutory financial statements of Verisilicon Technology established in the PRC were prepared in accordance with the relevant accounting principles and regulation in the PRC and were audited by 上海旭日會計師事務所 (普通合夥) for the year ended December 31, 2023 and 2024.
- (g) VeriSilicon Guangzhou was established on September 4, 2025, with the Group holding 100% of its shares. Its primary business scope includes design services.
- (h) There’s no statutory audit requirement for Verisilicon Cayman, VeriSilicon, Inc and Vivante Corporation.
- (i) The statutory financial statements of VeriSilicon HK established in the HK were prepared in accordance with the relevant accounting principles and regulation in the HK and were audited by SRF Partners & Co for the year ended December 31, 2023 and 2024.
- (j) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- (k) None of the subsidiaries had issued any debt securities at the end of the year.
- (l) No statutory financial statements of the Group’s subsidiaries were prepared for the year ended December 31 2025, as the financial statements have not been due.

APPENDIX I

ACCOUNTANTS’ REPORT

49. RETIREMENT BENEFIT SCHEMES

For the years ended December 31, 2023, 2024 and 2025, the total amount provided by the Group to the scheme or plans in the PRC and charged to profit or loss are RMB77,998,000, RMB98,198,000 and RMB106,338,000, respectively.

The employees of the Group’s subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiaries in the PRC are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

50. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group and the Company have been prepared in respect of any period subsequent to December 31, 2025 and up to the date of this report.

51. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2025, the Group subscribed for RMB20,000,000 of additional registered capital of its subsidiary TSXY by way of contributing 2.11% equity interest in Pixelworks Semiconductor (Shanghai) Co., Ltd. (“**Pixelworks Semiconductor**”), and completed the delivery and settlement. Subsequently, in January 2026, TSXY acquired 100% equity interest in Pixelworks Semiconductor at a consideration of RMB950,000,000 and completed the delivery and settlement. The Group indirectly exercises control over Pixelworks Semiconductor and its subsidiaries and has included them in the scope of consolidation.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix provides investors with a summary of the Articles of Association. As the following is only a summary, it may not contain all the information that is important to investors.

ISSUE OF SHARES

The issue of the Company's shares shall adhere to the principles of openness, fairness and justice, and each share of the same class shall carry the same rights. Shares of the same class issued at the same time shall be issued on the same terms and at the same price; Subscribers shall pay the same price for each share subscribed for.

INCREASE AND DECREASE OF SHARES

The Company may, in light of its operational and development needs and in accordance with the provisions of laws and regulations, increase its capital in the following ways, upon resolutions passed at a shareholders' meeting respectively:

- (i) issuing shares to the public;
- (ii) issuing shares to specified parties;
- (iii) distributing bonus shares to existing shareholders;
- (iv) capitalizing reserves into share capital;
- (v) other methods stipulated by laws and administrative regulations and approved by the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. To reduce its registered capital, the Company shall follow the procedures stipulated in the PRC Company Law, other relevant regulations and the Articles of Association.

SHARE REPURCHASE

The Company may, under the following circumstances, acquire its own shares in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association:

- (i) to reduce the Company's registered capital;
- (ii) to merge with another company that holds shares in the Company;
- (iii) to use the shares for employee share ownership schemes or equity incentive schemes;
- (iv) where a shareholder objects to a resolution of the shareholders' meeting on the merger or division of the Company and requests that the Company acquire his/her/its shares;
- (v) to use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;
- (vi) where it is necessary for the Company to safeguard its value and the rights and interests of its shareholders;
- (vii) other circumstances permitted by laws and administrative regulations.

Except under the aforementioned circumstances, the Company shall not acquire its own shares.

The Company may acquire its own shares through public centralized trading, or by other means permitted by laws and regulations, the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

Where the Company acquires its own shares under the circumstances stipulated in items (iii), (v) and (vi) above, such acquisition shall be conducted through public centralized trading.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the Company acquires its own shares under the circumstances stipulated in items (i) and (ii) above, a resolution shall be passed at a shareholders' meeting; Where the Company acquires its own shares under the circumstances stipulated in items (iii), (v) and (vi) above, such acquisition shall be approved by a resolution passed at a Board meeting attended by more than two-thirds of the directors.

TRANSFER OF SHARES

The Company's shares may be transferred in accordance with the law.

The Company does not accept its own shares as the subject of a pledge.

Shares issued by the Company before its public offering shall not be transferred within one year from the date on which the Company's shares are listed and traded on a stock exchange; The aforesaid shares may be placed in custody with the sponsor providing listing sponsorship services for the Company before the Company's listing, and the sponsor shall, in accordance with the business rules of the Shanghai Stock Exchange, supervise and manage the transaction instructions of shareholders for reducing their holdings of pre-listing shares.

During their term of office, the directors and senior management of the Company shall not transfer more than 25% of the total number of the Company's shares they hold each year; the shares they hold in the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded on a stock exchange. Within six months after their departure, the aforementioned persons shall not transfer the shares they hold in the Company.

Where a director, senior management member, or a shareholder holding more than 5% of the Company's shares sells the Company's stock or other equity-like securities held by them within six months of purchase, or repurchases them within six months of selling, the proceeds therefrom shall belong to the Company, and the Company's Board of Directors shall recover such proceeds. However, an exception is made for a securities firm holding more than 5% of the shares as a result of purchasing unsubscribed shares in an underwriting, and for other circumstances stipulated by the CSRC. Where laws, regulations and the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

General Provisions for Shareholders

The Company shall establish a register of shareholders based on the credentials provided by the securities registration and clearing institution, and the register of shareholders shall be sufficient evidence of the shareholders' holdings of the Company's shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The principal register of shareholders of H Shares listed in Hong Kong shall be kept in Hong Kong for inspection by shareholders, but the Company may close the register of members in accordance with applicable laws, regulations and the securities regulatory rules of the place where the Company's shares are listed. Any shareholder whose name is registered in the register of shareholders of H Shares or any person who requests his/her name (or title) to be registered in the register of shareholders of H Shares may, if his/her share certificate is lost, apply to the Company for a new share certificate in respect of such shares. Where a shareholder of overseas-listed foreign shares loses his/her/its share certificate and applies for a replacement, the matter may be handled in accordance with the laws, rules of the securities exchange or other relevant provisions of the place where the original register of shareholders of overseas-listed foreign shares is kept.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The Articles of Association, resolutions of the shareholders' meeting or resolutions of the Board of Directors shall be in compliance with laws and regulations, and shall not deprive or restrict the statutory rights of shareholders. In corporate governance, the rights of shareholders shall be protected in accordance with the law, with an emphasis on protecting the legitimate rights and interests of small and medium-sized shareholders.

When the Company convenes a shareholders' meeting, distributes dividends, undergoes liquidation or engages in other activities that require confirmation of shareholder identity, the Board of Directors or the convener of the shareholders' meeting shall determine the share registration date. Shareholders registered on the register of shareholders after the close of business on the share registration date shall be the shareholders entitled to the relevant rights and interests.

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of profit distribution in proportion to their shareholdings;
- (ii) to request, convene, preside over, attend or appoint a shareholder's proxy to attend a shareholders' meeting in accordance with the law, and to exercise the corresponding right to speak and voting rights;
- (iii) to supervise the Company's operations and to make suggestions or inquiries;
- (iv) to transfer, gift or pledge the shares they hold in accordance with the provisions of laws, administrative regulations and the Articles of Association;
- (v) to inspect and copy the Company's Articles of Association, the register of shareholders, minutes of shareholders' meetings, resolutions of Board meetings, and financial and accounting reports, and shareholders who meet the prescribed conditions may inspect the Company's accounting books and vouchers;
- (vi) upon the termination or liquidation of the Company, to participate in the distribution of the Company's remaining assets in proportion to their shareholdings;
- (vii) to demand that the Company acquire his/her/its shares if he/she/it objects to a resolution of the shareholders' meeting on the merger or division of the Company;
- (viii) other rights 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.

Shareholders who request to inspect and copy relevant materials of the Company shall comply with the provisions of the PRC Company Law, the Securities Law, other laws and administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed. Shareholders who request to inspect the relevant information or obtain the materials mentioned in the preceding article shall provide the Company with written documents verifying the class and number of shares they hold and other supporting documents required by the Company, and the Company shall provide such information or materials upon request after verifying the shareholder's identity; The Company may refuse to provide the content if its provision may lead to the disclosure of the Company's commercial secrets, inside information or the personal privacy of relevant personnel, or other circumstances that may harm the interests of the Company.

The Company shall establish smooth and effective communication channels with its shareholders to protect their rights to know, participate in decision-making and supervise major matters of the Company.

If the content of a resolution of the Company's shareholders' meeting or Board of Directors violates laws or administrative regulations, shareholders have the right to request a people's court to declare it invalid.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

If the convening procedures or voting methods of a shareholders' meeting or Board meeting violate laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, shareholders have the right, within 60 days from the date the resolution is made, to request a people's court to set it aside. However, this does not apply if the convening procedures or voting methods of the shareholders' meeting or Board meeting have only minor flaws that do not have a substantial impact on the resolution.

If there is a dispute among the Board of Directors, shareholders and other relevant parties regarding the validity of a resolution of a shareholders' meeting, a lawsuit shall be promptly filed with a people's court. Pending a judgment or ruling from a people's court to nullify a resolution, the relevant parties shall implement the resolution of the shareholders' meeting. The Company, its directors and senior management shall duly perform their duties to ensure the normal operation of the Company.

If a people's court makes a judgment or ruling on relevant matters, the Company shall perform its information disclosure obligations in accordance with the provisions of laws, administrative regulations, the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the execution after the judgment or ruling becomes effective. Where the correction of prior period matters is involved, such matters shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

Controlling shareholders and De Facto Controllers

The Company's Controlling shareholders and De Facto Controllers shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the CSRC and the stock exchange, and safeguard the interests of the listed company.

If the Company has no controlling shareholder or de facto controller, its largest shareholder and its de facto controller shall perform relevant obligations and assume corresponding responsibilities by reference to the requirements for controlling shareholders and de facto controllers in the Articles of Association.

General Provisions for General Meetings

The Company's shareholders' meeting shall be composed of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following powers in accordance with the law:

- (i) to elect and replace directors and to decide on matters concerning their remuneration;
- (ii) to consider and approve the reports of the Board of Directors;
- (iii) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (iv) to pass resolutions on the increase or decrease of the Company's registered capital;
- (v) to pass resolutions on the issue of corporate bonds;
- (vi) to pass resolutions on the merger, division, dissolution, liquidation or change of the Company's form;
- (vii) to amend the Articles of Association;
- (viii) to pass resolutions on the appointment or dismissal of the accounting firm that undertakes the Company's audit business and the determination of its remuneration;
- (ix) to consider guarantee matters that are required by the Articles of Association to be submitted to the shareholders' meeting for consideration and approval;
- (x) to consider matters relating to the purchase or sale of material assets by the Company within one year where the total assets involved or the transaction amount exceeds 30% of the Company's latest audited total assets;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (xi) to consider and approve matters concerning changes in the use of proceeds;
- (xii) to consider equity incentive schemes, option plans and employee share ownership schemes;
- (xiii) to pass resolutions on the acquisition of the Company's own shares due to a reduction of the Company's registered capital or a merger with another company that holds shares in the Company;
- (xiv) to consider and approve the purchase of liability insurance for the directors and senior management of the Company;
- (xv) to consider other matters that are required to be decided by the shareholders' meeting as 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.

The shareholders' meeting may authorize the Board of Directors to pass resolutions on the issue of corporate bonds.

Where the shareholders' meeting authorizes the Board of Directors to exercise relevant powers, the content of the authorisation shall be clear and specific. The statutory powers of the shareholders' meeting shall not be exercised on its behalf by the Board of Directors or other institutions or individuals in the form of authorisation.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of the occurrence of any of the following circumstances:

- (i) when the number of directors is less than the number required by the PRC Company Law or two-thirds of the number specified in the Articles of Association;
- (ii) when the Company's unrecovered losses amount to 1/3 of the total share capital;
- (iii) upon the request of a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares;
- (iv) when the Board of Directors deems it necessary;
- (v) when the Audit Committee proposes to convene a meeting;
- (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.

The shareholding percentage under item (iii) above shall be calculated based on the Company's shares held by the shareholder on the date of submitting the written request.

A shareholders' meeting shall have a physical venue and be held by a combination of a physical meeting and online voting. In addition, the Company's shareholders' meeting may also be held by electronic communication, and shareholders may attend virtually using technology. The Company will also provide online or electronic voting to facilitate shareholders.

Convening of General Meetings

The Board of Directors shall convene the shareholders' meeting on time within the prescribed period.

With the consent of more than half of all independent directors, the independent directors have the right to propose to the Board of Directors that an extraordinary shareholders' meeting be convened. In response to a proposal from independent directors to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response agreeing or disagreeing to convene the extraordinary shareholders' meeting within 10 days of receiving the proposal.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of the Board's resolution; if the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it shall explain the reasons and make an announcement.

The Audit Committee shall propose to the Board of Directors in writing to convene an extraordinary shareholders' meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary shareholders' meeting within 10 days of receiving the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of the Board's resolution, and any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting, or fails to respond within 10 days of receiving the proposal, the Board of Directors shall be deemed unable or failing to perform its duty to convene the shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

A shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares shall request the Board of Directors in writing to convene an extraordinary shareholders' meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary shareholders' meeting within 10 days of receiving the request, and shall not delay without due cause.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of the Board's resolution, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting, or fails to respond within 10 days of receiving the request, a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares may propose to the Audit Committee that an extraordinary shareholders' meeting be convened, and shall submit the request to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the shareholders' meeting, and a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on their own.

Proposals and Notices of General Meetings

The content of a proposal shall fall within the scope of powers of the shareholders' meeting, have a clear topic and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations and the Articles of Association.

When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee, and shareholders holding, individually or jointly, 1% or more of the Company's shares have the right to submit proposals to the Company.

A shareholder or shareholders holding, individually or jointly, 1% or more of the Company's shares may submit an extraordinary proposal in writing to the convener 10 days before the shareholders' meeting is held. The convener shall, within 2 days of receiving the proposal, issue a supplementary notice of the shareholders' meeting to inform of the content

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

of the extraordinary proposal, and shall submit such extraordinary proposal to the shareholders' meeting for consideration. This shall not apply if the extraordinary proposal is in violation of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or if the subject matter of the proposal does not fall within the scope of powers of the shareholders' meeting.

Except in the circumstances stipulated in the preceding paragraph, the convener shall not amend the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the announcement of the notice of the shareholders' meeting.

Proposals not listed in the notice of the shareholders' meeting or not in compliance with the provisions of the Articles of Association shall not be voted on or resolved at the shareholders' meeting.

The convener shall notify all shareholders by way of announcement 20 days prior to an annual shareholders' meeting, and shall notify all shareholders by way of announcement 15 days prior to an extraordinary shareholders' meeting. When calculating the notice period, the Company shall not include the day on which the meeting is to be held, but shall include the day on which the notice is issued.

The notice of a shareholders' meeting shall include the following:

- (i) the time, place and duration of the meeting;
- (ii) the matters and proposals to be considered at the meeting;
- (iii) a clear statement that all shareholders have the right to attend the shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and that such proxy need not be a shareholder of the Company;
- (iv) the share registration date for shareholders entitled to attend the shareholders' meeting;
- (v) the name and telephone number of the permanent contact person for meeting affairs;
- (vi) the time and procedures for voting by network or other means;
- (vii) other contents that shall be included in the notice as stipulated by relevant laws, regulations, rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice and supplementary notice of a shareholders' meeting shall fully and completely disclose the specific content of all proposals, as well as all information or explanations necessary for shareholders to make a reasonable judgment on the matters to be discussed. If a matter to be discussed requires an opinion to be expressed by the independent directors, the opinions of the independent directors and the reasons therefor shall be disclosed at the same time when the notice or supplemental notice of the shareholders' meeting is issued.

Convening of the General Meeting

The Company's Board of Directors and other conveners will take necessary measures to ensure the proper order of the shareholders' meeting. For acts that disrupt the shareholders' meeting, cause trouble, or infringe upon the legitimate rights and interests of shareholders, measures will be taken to stop them and report to the relevant authorities for investigation and handling in a timely manner.

All ordinary shareholders registered on the share registration date or their proxies are entitled to attend the shareholders' meeting and to exercise their right to speak and voting rights 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, unless an individual shareholder is required by the securities regulatory rules of the place where the Company's shares are listed to abstain from voting on a particular matter.

A shareholder may attend the shareholders' meeting in person or entrust a proxy to attend, speak and vote on their behalf.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Voting and Resolutions of the General Meeting

Resolutions of the shareholders' meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' meeting (in person or by proxy).

A special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting (in person or by proxy).

The following matters shall be passed by an ordinary resolution at a shareholders' meeting:

- (i) the work report of the Board of Directors;
- (ii) the profit distribution plans and loss recovery plans proposed by the Board of Directors;
- (iii) the appointment and removal of members of the Board of Directors and their remuneration and payment methods;
- (iv) other matters that are not required to be passed by a special resolution by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be passed by a special resolution at a shareholders' meeting:

- (i) the increase or reduction of the Company's registered capital;
- (ii) the division, spin-off, merger, change of the Company's form, termination, dissolution, liquidation (including voluntary liquidation) or extension of the term of operation of the Company;
- (iii) amendments to the Articles of Association;
- (iv) equity incentive plans;
- (v) any purchase or sale of material assets by the Company where the total assets involved or the transaction amount, or the amount of guarantee provided to others, within one year exceeds 30% of the Company's latest audited total assets;
- (vi) to pass resolutions on the acquisition of the Company's own shares due to a reduction of the Company's registered capital or a merger with another company that holds shares in the Company;
- (vii) other matters that are required to be passed by a special resolution as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as those matters determined by the shareholders' meeting by an ordinary resolution to have a material impact on the Company.

A shareholder (including a shareholder represented by proxy) shall exercise his/her/its voting rights in proportion to the number of voting shares he/she/it represents, and each share shall carry one vote.

When the shareholders' meeting considers material matters affecting the interests of small and medium-sized investors, the votes of such small and medium-sized investors shall be counted separately. The results of the separate vote count shall be publicly disclosed in a timely manner.

The term "small and medium-sized investors" referred to in the preceding paragraph means shareholders other than the Company's directors, senior management, and shareholders who individually or jointly hold 5% or more of the Company's shares.

The shares of the Company held by the Company itself shall have no voting rights and such shares shall not be included in the total number of voting shares represented at a shareholders' meeting.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Where a shareholder's purchase of the Company's voting shares violates the provisions of Article 63, paragraphs 1 and 2 of the Securities Law, the shares held in excess of the specified proportion shall not carry any voting rights for a period of thirty-six months from the date of purchase and shall not be counted towards the total number of voting shares represented at a shareholders' meeting.

The Company's Board of Directors, independent directors, shareholders holding more than one percent of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose information such as the specific voting intention to the persons being solicited. The solicitation of voting rights shall be conducted free of charge, and soliciting shareholders' voting rights for consideration or in a disguised form for consideration is prohibited. Information such as the specific voting intention shall be fully disclosed to the persons being solicited. Except under statutory conditions, the Company and the convener of the shareholders' meeting shall not impose a minimum shareholding requirement for the solicitation of voting rights.

When a shareholders' meeting considers matters concerning connected transactions, the connected shareholders shall not participate in the voting, and the number of voting shares they represent shall not be included in the total number of valid votes; the announcement of the resolution of the shareholders' meeting shall fully disclose the voting results of non-connected shareholders.

Except in special circumstances such as a crisis of the Company, the Company shall not, without the approval by a special resolution at a shareholders' meeting, enter into a contract with any person other than a director or senior management personnel to entrust the management of all or a material part of the Company's business to such person.

The list of candidates for directors shall be submitted to the shareholders' meeting for voting in the form of a proposal. The Board of Directors shall announce the resumes and basic information of the candidates for directors to the shareholders. The election of directors shall fully reflect the opinions of small and medium-sized shareholders.

When a shareholders' meeting elects two or more directors, a cumulative voting system may be implemented. When a shareholders' meeting elects two or more independent directors, a cumulative voting system shall be implemented. The specific operating rules are as follows:

- (i) The total number of valid voting rights that each attending shareholder can exercise in the election of directors is equal to the number of voting shares held by him/her multiplied by the number of directors to be elected;
- (ii) Each shareholder may cast all the voting rights of the shares he/she holds for one director candidate, or distribute them among any number of director candidates;
- (iii) The number of votes cast by each shareholder for a single director candidate may be higher or lower than the number of voting shares held by him/her, and need not be an integer multiple of that number of shares, but the cumulative number of votes cast by him/her for all director candidates shall not exceed the total number of valid voting rights held by him/her;

After the voting is concluded, the elected directors shall be determined in descending order of the number of votes received among the candidates who received votes, based on the number of votes each candidate received and limited to the number of directors to be elected.

Where a single shareholder of the Company and parties acting in concert with him/her hold 30% or more of the shares with equity interests, the cumulative voting system shall be adopted. Specific matters concerning the cumulative voting system shall be implemented in accordance with the Rules for the Implementation of the Cumulative Voting System of VeriSilicon Microelectronics (Shanghai) Co., Ltd.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Except for the cumulative voting system, the shareholders' meeting shall vote on all proposals item by item. If there are different proposals on the same matter, they shall be voted on in the order in which the proposals were submitted. Unless the shareholders' meeting is suspended or unable to make a resolution due to force majeure or other special reasons, the shareholders' meeting shall not shelve or refuse to vote on any proposal.

When the shareholders' meeting considers a proposal, it shall not amend the proposal. Any amendment shall be deemed a new proposal and shall not be voted on at the current shareholders' meeting.

A single voting right may only be exercised by one of the methods available: in person, online or by other means. If the same voting right is exercised more than once, the first vote cast shall prevail.

Before a vote is taken on a proposal at a shareholders' meeting, two shareholder representatives shall be elected to act as vote counters and scrutineers. If a matter under consideration has a related (connected) relationship with a shareholder, such shareholder and his/her/its proxy shall not participate in the vote counting and scrutinizing.

When a vote is taken on a proposal at a shareholders' meeting, a lawyer and shareholder representatives shall be jointly responsible for counting and scrutinizing the votes. The voting results shall be announced on the spot, and the voting results of the resolution shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies who vote online or by other means shall have the right to check their voting results through the corresponding voting system.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

Directors of the Company shall be natural persons. No one shall serve as a director of the Company if any of the following circumstances exists:

- (i) a person with no or limited capacity for civil conduct;
- (ii) having been sentenced to criminal penalties for corruption, bribery, embezzlement or misappropriation of property, or for disrupting the order of the socialist market economy, or having been deprived of political rights for a crime, where not more than 5 years have elapsed since the expiry of the enforcement period, or having been given a suspended sentence where not more than 2 years have elapsed since the expiry of the probation period;
- (iii) a person who served as a director, factory manager or general manager of a company or enterprise which is under bankruptcy liquidation and was personally liable for the bankruptcy of such company or enterprise, where not more than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (iv) a person who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down for violation of law, and was personally liable therefor, where not more than 3 years have elapsed since the date of such revocation or closing down;
- (v) a person who has an overdue and outstanding personal debt of a substantial amount and has been listed as a person subject to enforcement for breach of trust by a People's Court;
- (vi) a person who is subject to a securities market entry ban imposed by the China Securities Regulatory Commission (the "CSRC"), where the term of such ban has not expired;
- (vii) having been publicly identified by a stock exchange as unsuitable to serve as a director or senior management of a listed company, where the term of such identification has not expired;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (viii) other contents stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Company's shares are listed.

If a director is elected or appointed in violation of this article, such election, appointment or engagement shall be invalid. If a director falls under any of the circumstances stipulated in this article during his/her term of office, the Company shall remove him/her from his/her position and terminate his/her duties.

The above period shall be calculated up to the date of the shareholders' meeting or Board meeting for the proposed appointment of directors and senior management.

Directors who are not employee representatives are elected or replaced by the shareholders' meeting, and may be removed from office by the shareholders' meeting before the expiration of their term. If the number of employees of the Company is three hundred or more, the Board of Directors shall include an employee representative. The employee representative on the Board of Directors shall be democratically elected by the employees of the Company through the employee representative congress, the employee assembly or other forms, and need not be submitted to the shareholders' meeting for deliberation. The term of office of a Director shall be 3 years. Upon the expiration of a director's term of office, he/she is eligible for re-election,

A director's term of office shall commence on the date of his/her assumption of office and expire upon the end of the term of the then current session of the Board of Directors. If a successor to a Director is not elected in a timely manner upon the expiration of his/her term of office, the original director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director takes office.

A director may concurrently serve as the president or other senior management personnel, but the total number of directors who concurrently serve as the president or other senior management personnel and directors who are employee representatives shall not exceed 1/2 of the total number of directors of the Company.

Directors shall comply 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, owe a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their position to seek improper benefits.

A director owes the following duties of loyalty to the Company:

- (i) shall not misappropriate the Company's property or embezzle the Company's funds;
- (ii) shall not deposit the Company's funds in an account opened in his/her own name or in the name of another individual;
- (iii) shall not use his/her position to solicit bribes or receive other illegal income;
- (iv) shall not, without reporting to the Board of Directors or the shareholders' meeting and obtaining approval by a resolution of the Board of Directors or the shareholders' meeting in accordance with the provisions of the Articles of Association, directly or indirectly enter into a contract or conduct a transaction with the Company;
- (v) shall not take advantage of his/her position to seek for himself or for others any business opportunity that belongs to the Company, except where he has reported to the Board of Directors or the shareholders' meeting and the matter has been passed by a resolution of the shareholders' meeting, or where the Company is unable to take advantage of such business opportunity in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association;

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- (vi) shall not, without reporting to the Board of Directors or the shareholders' meeting and having the matter passed by a resolution of the shareholders' meeting, engage in for his/her own account or for another person any business of the same type as that of the Company;
- (vii) shall not accept for his/her own benefit any commission from a transaction of the Company with others;
- (viii) shall not disclose the Company's secrets without authorization;
- (ix) shall not use his/her related (connected) relationship to harm the interests of the Company;
- (x) other duties of loyalty 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.

Any income obtained by a director in violation of this article shall belong to the Company; if any loss is caused to the Company, he shall be liable for compensation.

The provisions of item (iv) above shall apply to close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, and other related (connected) persons who have a related (connected) relationship with directors and senior management, when they enter into contracts or conduct transactions with the Company.

If a director, in violation of the provisions of the Articles of Association, assists or connives with a controlling shareholder and its affiliated enterprises, or the de facto controller of the Company to misappropriate the Company's assets, the Board of Directors shall take disciplinary action against the responsible person and propose to the shareholders' meeting the removal of any director who bears serious responsibility; If a director takes advantage of his/her position to manipulate the Company to engage in prohibited acts stipulated in the Articles of Association, causing significant losses to the Company's interests, the Board of Directors shall, in accordance with the relevant provisions of the Criminal Law of the People's Republic of China, report to the judicial authorities to pursue the criminal liability of the director.

Board of Directors

The Company shall establish a Board of Directors, which shall be composed of 12 directors, including 5 independent directors and 1 employee representative director. The Board of Directors shall have one chairman.

The composition of the Board of Directors shall comply with the requirements of laws and regulations and have a reasonable professional structure. Members of the Board of Directors shall possess the knowledge, skills and qualities necessary to perform their duties. The diversity of the members of the Board of Directors is encouraged.

The Board of Directors shall exercise the following powers and functions:

- (i) to convene shareholders' meetings and to report on its work to the shareholders' meetings;
- (ii) to implement the resolutions of the shareholders' meetings;
- (iii) to decide on the Company's business plans and investment proposals;
- (iv) to formulate the Company's profit distribution plans and loss recovery plans;
- (v) to formulate proposals for increasing or reducing the Company's registered capital, issuing bonds or other securities, and listing;
- (vi) to formulate proposals for major acquisitions of the Company, acquisition of the Company's own shares due to a reduction in the Company's registered capital or a merger with another company holding the Company's shares, or for the merger, division, dissolution and change of corporate form of the Company;

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- (vii) within the scope of authorization from the shareholders' meeting, to decide on the Company's external investments, acquisition or disposal of assets, mortgage of assets, external guarantees, entrusted wealth management, related party (connected) transactions, external donations and other matters;
- (viii) to decide on the establishment of the Company's internal management structure;
- (ix) to decide on the appointment or dismissal of the Company's president, secretary to the Board of Directors and other senior management personnel, and to determine their remuneration, rewards and penalties; based on the nomination of the president, to decide on the appointment or dismissal of the Company's chief strategy officer, chief operating officer, chief financial officer, vice president and other senior management personnel, and to decide on their remuneration, rewards and penalties;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for amendments to the Company's Articles of Association;
- (xii) to manage the Company's information disclosure matters;
- (xiii) to propose to the shareholders' meeting the appointment or replacement of the accounting firm for the Company's audit;
- (xiv) to hear the work reports of the Company's president and to inspect the work of the president;
- (xv) to formulate the Company's equity incentive plans, option plans and employee share ownership schemes;
- (xvi) to make resolutions on the acquisition of the Company's own shares for the purpose of using them for employee share ownership schemes or equity incentives, or where a shareholder objects to a resolution of the shareholders' meeting on the merger or division of the Company and requests that the Company acquire his/her/its shares, and where it is necessary to safeguard the Company's value and the rights and interests of its shareholders;
- (xvii) other powers granted 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 or the shareholders' meeting.

Matters exceeding the scope of authorization granted by the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

With the approval by vote of more than half of the Board of Directors, the Board of Directors may authorize the chairman to exercise part of the powers of the Board of Directors during the period when the Board of Directors is not in session; However, material matters of the Company shall be decided collectively by the Board of Directors, and the powers legally required to be exercised by the Board of Directors shall not be delegated to the chairman, president, etc. for exercise.

The Board of Directors shall perform its duties in accordance with the law, ensure that the Company complies with the provisions of laws, regulations and the Articles of Association, treats all shareholders fairly, and pays attention to the legitimate rights and interests of other stakeholders.

The Company shall ensure that the Board of Directors exercises its powers in accordance with the provisions of laws, regulations and the Articles of Association, and provide the necessary conditions for directors to perform their duties normally.

The Board of Directors shall formulate rules of procedure for Board meetings to ensure that the Board implements the resolutions of the shareholders' meeting, improves work efficiency, and ensures scientific decision-making. The rules of procedure for Board meetings shall be an appendix to the Articles of Association, formulated by the Board of Directors and approved by the shareholders' meeting.

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The Board of Directors shall hold at least four regular meetings each year, approximately once every quarter, to be convened by the chairman, with 14 days' prior written notice given to all directors.

Shareholders representing 1/10 or more of the voting rights, 1/3 or more of the directors, more than half of the independent directors, or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board shall convene and preside over a Board meeting within 10 days of receiving the proposal.

For an extraordinary meeting of the Board of Directors, a notice shall be sent to all directors 5 days before the meeting by writing, facsimile, email or other means. In urgent circumstances where it is necessary to convene an extraordinary meeting of the Board of Directors as soon as possible, notice of the meeting may be given by telephone or other oral means at any time, but the convener shall provide an explanation at the meeting.

The notice of a Board meeting shall include the following:

- (i) the date and place of the meeting;
- (ii) the method of convening the meeting;
- (iii) the duration of the meeting;
- (iv) the reasons and agenda for the meeting;
- (v) the contact person and contact information;
- (vi) the date on which the notice is issued.

An oral notice of a meeting shall at least include the contents of items (i), (iii) and (iv) above, as well as an explanation of the urgent circumstances requiring the prompt convening of an extraordinary meeting of the Board of Directors.

Independent Directors

The Company shall appoint independent directors, and at least one-third of the members of the Board of Directors shall be independent directors, among whom at least one shall be an accounting professional. An independent director refers to a director who does not hold any position in the Company other than that of a director and has no direct or indirect interest relationship with the Company, its substantial shareholders or de facto controllers, or any other relationship that may affect his/her independent and objective judgment. Independent directors shall report on their work to the shareholders' meeting on an annual basis.

Independent directors owe a duty of loyalty and diligence to the Company and all shareholders, and shall, in accordance with the provisions of laws, administrative regulations, the rules of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, conscientiously perform their duties, play a role in participating in decision-making, supervising and balancing, and providing professional consultation in the Board of Directors, safeguarding the overall interests of the Company, and protecting the legitimate rights and interests of small and medium-sized shareholders. Independent directors shall perform their duties independently and shall not be influenced by the Company, its substantial shareholders, de facto controllers or other entities or individuals. The Company shall ensure that independent directors perform their duties in accordance with the law. In principle, an independent director shall serve as an independent director in no more than three domestic listed companies and shall ensure that he/she has sufficient time and energy to effectively perform the duties of an independent director.

To serve as an independent director, the following conditions shall be met:

- (i) possessing the qualifications to serve as a director of the Company in accordance with the relevant provisions of laws, regulations and other normative documents;
- (ii) meeting the independence requirements stipulated in the Articles of Association;
- (iii) possessing basic knowledge of the operations of a listed company and being familiar with relevant laws, regulations, rules and regulations;

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- (iv) having more than 5 years of work experience in law, accounting, economics or other fields necessary for fulfilling the duties of an independent director;
- (v) having good personal character and no record of major dishonesty or other adverse records;
- (vi) other conditions stipulated by laws, administrative regulations, the rules of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The following persons shall not serve as independent directors:

- (i) persons holding positions in the Company or its affiliated businesses, and their spouses, parents, children, and principal social connections (principal social connections refer to siblings, spouses of siblings, parents of spouse, siblings of spouse, spouses of children, parents of children's spouses, etc.); holding a position refers to serving as a director, senior management or other staff member);
- (ii) a natural person shareholder who directly or indirectly holds 1% or more of the Company's shares or is one of the top 10 shareholders of the Company, and their spouse, parents, and children;
- (iii) persons holding positions in a shareholder which directly or indirectly holds 5% or more of the Company's shares, or in any of the top five shareholders of the Company, and their spouses, parents and children;
- (iv) persons holding positions in an affiliated business of the Company's controlling shareholder or de facto controller, and their spouses, parents and children;
- (v) persons who have significant business dealings with the Company, its controlling shareholder, de facto controller or their respective affiliated businesses, or persons holding positions in an entity that has significant business dealings, or in the controlling shareholder or de facto controller of such an entity;
- (vi) persons who provide financial, legal, consulting, sponsorship or other services to the Company, its controlling shareholder, de facto controller or their respective affiliated businesses, including but not limited to all members of the project team of the intermediary firm providing such services, reviewers at all levels, signatories of any report, partners, directors, senior management and key persons-in-charge;
- (vii) persons who have fallen under any of the circumstances listed in the preceding items (i) to (vi) within the last 12 months;
- (viii) other persons stipulated in the Articles of Association;
- (ix) other persons who are identified as lacking independence by laws, administrative regulations, the CSRC, or the stock exchange of the place where the Company's shares are listed.

The term of office of an independent director shall be the same as that of other directors of the Company. Upon expiry of the term, he/she may be re-elected, but his/her consecutive term of office shall not exceed six years.

The Company shall establish a special meeting mechanism attended exclusively by independent directors. Matters such as related party (connected) transactions to be considered by the Board of Directors shall be subject to prior approval at a special meeting of independent directors. Special meetings of independent directors shall be convened and presided over by an independent director jointly elected by more than half of all independent directors; if the convener fails to or is unable to perform his/her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside. Minutes shall be kept for special meetings of independent directors in accordance with regulations, and the opinions of the independent directors shall be stated in the minutes.

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Independent directors shall sign and confirm the meeting minutes. The Company shall provide convenience and support for the convening of special meetings of independent directors.

Specialized Committees of the Board of Directors

The Company's Board of Directors shall establish an Audit Committee which shall exercise the powers and functions of a board of supervisors as stipulated in the PRC Company Law and the powers stipulated in the securities regulatory rules of the place where the Company's shares are listed.

The Audit Committee shall consist of at least 3 members, who shall be non-executive directors not holding any senior management position in the Company. Independent directors shall constitute a majority, and the convener shall be an independent director with professional accounting qualifications. At least one independent director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the securities regulatory rules of the place where the Company's shares are listed.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for deliberation after being approved by more than half of all members of the Audit Committee:

- (i) disclosure of the financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (ii) appointment or dismissal of the accounting firm that undertakes the Company's audit business;
- (iii) appointment or dismissal of the Company's chief financial officer;
- (iv) changes to accounting policies or accounting estimates, or corrections of material accounting errors, for reasons other than a change in accounting standards;
- (v) other matters stipulated by laws, administrative regulations, the rules of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

The Audit Committee shall hold a meeting at least once every quarter. An extraordinary meeting may be convened upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee may be held only if more than two-thirds of its members are present. A resolution of the audit committee shall be passed by more than half of the members of the audit committee. Voting on resolutions of the Audit Committee shall be conducted on the basis of one vote per person. Resolutions of the Audit Committee shall be recorded in meeting minutes in accordance with regulations, and the members of the Audit Committee present at the meeting shall sign the minutes. The rules of procedure for the Audit Committee shall be formulated by the Board of Directors.

The Company's Board of Directors shall establish Strategy and ESG, Nomination, Remuneration and Appraisal Specialized Committees, which shall perform their duties in accordance with the securities regulatory rules of the place where the Company's shares are listed, these Articles of Association and the authorization of the Board of Directors. Proposals from the specialized committees shall be submitted to the Board of Directors for deliberation and decision. The rules of procedure for the specialized committees shall be formulated by the Board of Directors.

SENIOR MANAGEMENT

The Company shall have one president, who shall be appointed or dismissed by the Board of Directors.

The Company shall have several vice presidents, and one chief strategy officer, one chief operating officer and one chief financial officer. The aforesaid senior management personnel shall be appointed or dismissed by the Board of Directors.

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The president, chief strategy officer, chief operating officer, chief financial officer, vice presidents and the secretary to the Board of Directors are the senior management of the Company.

The appointment and dismissal of senior management shall follow statutory procedures and be disclosed in a timely manner. The Company's controlling shareholders, de facto controllers and their connected parties shall not interfere with the normal selection and appointment procedures for senior management, and shall not bypass the shareholders' meeting and the Board of Directors to directly appoint or dismiss senior management. Persons holding administrative positions other than director or supervisor in the entity of the Company's controlling shareholder or de facto controller shall not serve as senior management of the Company. The senior management of the Company shall only receive remuneration from the Company and shall not have their salaries paid by the controlling shareholder.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting System

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant state departments.

The Company shall submit and disclose its annual report to the local office of the CSRC and the Shanghai Stock Exchange within 4 months from the end of each financial year, submit and disclose its interim report within 2 months from the end of the first half of each financial year, and disclose its quarterly reports within 1 month from the end of the first 3 months and first 9 months of each financial year.

The aforesaid reports shall be prepared in accordance with the provisions of laws, administrative regulations, the CSRC and the securities regulation of the place where the Company's shares are listed.

The Company shall not keep any other accounting books in addition to the statutory accounting books. The funds of the Company shall not be deposited in an account opened in the name of any individual.

When distributing its after-tax profits for the current year, the Company shall set aside 10% of its profits for the Company's statutory reserve fund. If the accumulated amount of the Company's statutory common reserve fund exceeds 50% of the Company's registered capital, no further appropriation is required.

If the Company's statutory reserve fund is not sufficient to make up for the losses of previous years, the profits of the current year shall first be used to make up for the losses before the statutory reserve fund is appropriated in accordance with the preceding paragraph.

After appropriating the statutory common reserve fund from its after-tax profits, the Company may, upon a resolution of the shareholders' meeting, also appropriate a discretionary common reserve fund from its after-tax profits.

The after-tax profit of the Company remaining after making up for losses and making appropriations to the common reserve fund shall be distributed to shareholders in proportion to their respective shareholdings, save as otherwise provided for in the Articles of Association.

If the shareholders' meeting distributes profits to shareholders in violation of the PRC Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The shares of the Company held by the Company itself shall not participate in profit distribution.

If a shareholder misappropriates the Company's funds in violation of regulations, the Company shall deduct the cash dividends distributed to that shareholder to repay the funds misappropriated by the shareholder.

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Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, duties and powers, staffing, funding guarantees, application of audit results, and accountability for internal audit work.

The Company's internal audit department shall supervise and inspect matters such as the Company's business activities, risk management, internal control, and financial information.

In the process of supervising and inspecting the Company's business activities, risk management, internal control, and financial information, the internal audit department shall accept the supervision and guidance of the Audit Committee.

Appointment of Accounting Firm

The Company shall engage an accounting firm that meets the requirements of the Securities Law to conduct business such as auditing financial statements, verifying net assets, and providing other related consulting services. The term of appointment is 1 year and is renewable.

The appointment and dismissal of an accounting firm by the Company shall be decided by the shareholders' meeting. The Board of Directors shall not appoint an accounting firm before a decision is made by the shareholders' meeting.

The Company guarantees to provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and shall not refuse, conceal or misrepresent them.

The audit fees of the accounting firm shall be decided by the shareholders' meeting.

When the Company dismisses or does not re-engage an accounting firm, it shall give 20 days' prior notice to the accounting firm. When the Company's shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to state its opinion.

If an accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any improprieties on the part of the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

A merger of companies may take the form of a merger by absorption or a merger by new establishment.

A merger in which one company absorbs another is a merger by absorption, and the absorbed company is dissolved. A merger in which two or more companies merge to form a new company is a merger by new establishment, and the merging parties are dissolved.

The Company may enter into a merger without a resolution of the shareholders' meeting if the consideration paid therefor does not exceed 10% of the Company's net assets, unless otherwise provided in the Articles of Association. If the Company merges in accordance with the preceding provisions without a resolution of the shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

For a merger of the Company, a merger agreement shall be signed by the merging parties, and a balance sheet and a list of assets shall be prepared. The Company shall, within 10 days from the date on which the merger resolution is made, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or for those who have not received the notice, within 45 days from the date of the public announcement, demand the Company to repay its debts or provide a corresponding guarantee.

In the event of a merger of the Company, the claims and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

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In the event of a division of the Company, its assets shall be divided accordingly. For a division of the Company, a balance sheet and a list of assets shall be prepared. The Company shall, within 10 days from the date on which the division resolution is made, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System.

The debts of the Company prior to the division shall be borne jointly and severally by the companies existing after the division. However, this shall not apply where a written agreement reached between the Company and its creditors regarding the repayment of debts prior to the division provides otherwise.

When the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets. The Company shall, within 10 days from the date on which the resolution for registered capital reduction is made by the shareholders' meeting, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the date of receiving the notice, or for those who have not received the notice, within 45 days from the date of the public announcement, have the right to demand the Company to repay its debts or provide a corresponding guarantee.

When the Company reduces its registered capital, it shall correspondingly reduce the capital contributions or shares of the shareholders in proportion to their respective shareholdings, save as otherwise provided by law or approved by a special resolution of the Company's shareholders' meeting.

After the Company has made up its losses in accordance with the Articles of Association, if it still has losses, it may reduce its registered capital to make up for the losses. Where the registered capital is reduced to make up for losses, the Company shall not make distributions to its shareholders, nor shall it exempt shareholders from their obligation to pay capital contributions or share subscription monies.

In the event of a merger or division of the Company, if there is a change in the registered matters, an application for registration of such change shall be made to the company registration authority in accordance with the law; If the Company is dissolved, an application for cancelation of the Company's registration shall be made in accordance with the law; If a new company is established, an application for registration of the establishment of the company shall be made in accordance with the law. If the Company increases or reduces its registered capital, an application for registration of such change shall be made to the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) the grounds for dissolution stipulated in the Articles of Association arise;
- (ii) a resolution for dissolution is passed by the shareholders' meeting;
- (iii) dissolution is required due to a merger or division of the Company;
- (iv) its business license is revoked, it is ordered to close down or it is cancelation in accordance with the law;
- (v) the Company encounters serious difficulties in its operation and management, and its continued existence will cause substantial losses to the shareholders' interests, which cannot be resolved through other means, shareholders holding 10% or more of the voting rights of the Company may request a people's court to dissolve the Company.

Where the grounds for dissolution stipulated in the preceding paragraph arise for the company, it shall, within ten days, publicize the grounds for dissolution through the National Enterprise Credit Information Publicity System.

Where the Company is subject to the circumstances described in items (i) and (ii) above of the Articles of Association, and has not yet distributed its assets to the shareholders, it may continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting.

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The amendment of the Articles of Association or passing a resolution by the shareholders' meeting in accordance with the preceding paragraph shall be subject to the approval by more than 2/3 of the voting rights held by the shareholders present at the shareholders' meeting.

If the Company is dissolved due to the provisions of items (i), (ii), (iv) and (v) above, it shall be liquidated. The directors are the persons responsible for the liquidation of the Company and shall form a liquidation committee to carry out the liquidation within 15 days from the date on which the grounds for dissolution arise. The liquidation committee shall be composed of directors, unless otherwise provided in the Articles of Association or other persons are elected by a resolution of the shareholders' meeting.

If the persons responsible for liquidation fail to perform their liquidation obligations in a timely manner, causing losses to the Company or its creditors, they shall be liable for compensation.

The liquidation committee shall exercise the following powers during the liquidation period:

- (i) to clear up the Company's assets and prepare a balance sheet and a list of assets respectively;
- (ii) to notify and make public announcements to creditors;
- (iii) to deal with the unfinished business of the Company related to the liquidation;
- (iv) to pay off the taxes owed and the taxes incurred during the liquidation process;
- (v) to clear up claims and debts;
- (vi) to distribute the remaining assets of the Company after repaying its debts;
- (vii) to represent the Company in civil litigation activities.

The liquidation panel shall, within 10 days from the date of its establishment, notify the creditors, and shall, within 60 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the date of receiving the notice, or for those who have not received the notice, within 45 days from the date of the public announcement, declare their claims to the liquidation panel.

During the period for declaration of claims, the liquidation committee shall not make repayments to creditors.

After the liquidation committee has cleared up the Company's assets and prepared the balance sheet and the list of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets of the Company, after paying, in sequence, the liquidation expenses, employees' wages, social insurance premiums and statutory compensation, the taxes owed, and repaying the Company's debts, shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

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 being used for repayment in accordance with the preceding paragraph.

Amendments to the Articles of Association

The Company will amend the Articles of Association under any of the following circumstances:

- (i) after the PRC Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed are amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (ii) the circumstances of the Company have changed, such that they are inconsistent with the matters recorded in the Articles of Association;
- (iii) the shareholders’ meeting resolves to amend the Articles of Association.

Any amendment to the Articles of Association shall take effect after being adopted by the shareholders’ meeting of the Company.

If the amendment to the Articles of Association involves information required to be disclosed by laws and regulations, it shall be announced as required.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT THE GROUP

Incorporation

The predecessor of the Company was established as a limited liability company under the laws of the PRC on August 21, 2001 and was converted into a joint stock company with limited liability on March 26, 2019. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange STAR Market (stock code: 688521) on August 18, 2020.

The Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company [was] registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on [●], with Ms. Wong Wai Yee, Ella and Ms. Cheung Hin Kiu appointed as the Hong Kong authorized representatives of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in “Regulatory Overview” and “Appendix III — Summary of the Articles of Association” in this document, respectively.

Changes in the Share Capital of the Company

On November 20, 2024, the Company’s total number of Shares increased from 499,911,232 to 500,355,082, upon the completion of vesting registration at CSDCC of 443,850 Restricted Shares previously granted under the 2020 Restricted A Share Incentive Scheme.

On March 17, 2025, the Company’s total number of Shares increased from 500,355,082 to 500,852,832, upon the completion of vesting registration at CSDCC of 497,750 Restricted Shares previously granted under the 2020 Restricted A Share Incentive Scheme.

On June 30, 2025, the Company’s total number of Shares increased from 500,852,832 to 525,713,273, upon the completion of registration at CSDCC of the private placement of 24,860,441 Shares.

On October 29, 2025, the Company’s total number of Shares increased from 525,713,273 to 525,858,273, upon the completion of vesting registration at CSDCC of 145,000 Restricted Shares previously granted under the 2020 Restricted A Share Incentive Scheme.

On January 26, 2026, the Company’s total number of Shares increased from 525,858,273 to 525,915,273, upon the completion of vesting registration at CSDCC of 57,000 Restricted Shares previously granted under the 2020 Restricted A Share Incentive Scheme.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

Resolutions of the Shareholders

At the extraordinary general meeting of the Shareholders held on March 30, 2026, the following resolutions, among other things, were duly passed:

- (i) the issue by the Company of the H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of the H Shares to be issued shall be no more than [REDACTED]% of the total issued share capital of the Company as enlarged by the [REDACTED] (before the exercise of the [REDACTED]), and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of the H Shares issued pursuant to the [REDACTED];

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- (iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares on the Stock Exchange; and
- (iv) subject to the completion of the [REDACTED], the conditional adoption of the revised 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.

Subsidiaries of the Company

A summary of the corporate information and the particulars of the Company’s subsidiaries are set out in “History” to this document.

On February 10, 2026, the registered capital of Tiansui Xinyuan increased from RMB10 million to RMB950 million.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this document.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

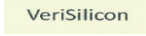
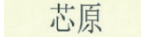
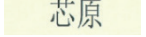
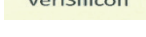
- (a) [●]
- (b) the [REDACTED].

Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group’s business:

Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Registered Owner	Place of Registration	Registration Number
1.	芯原	The Company	PRC	5518742
2.	VeriSilicon Microelectronics(Shanghai) Co., Ltd.	The Company	PRC	5518745
3.		The Company	PRC	11200763
4.		The Company	PRC	11200944
5.		The Company	PRC	11201003
6.		The Company	PRC	11201068
7.		The Company	PRC	11201089

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No.	Trademark	Registered Owner	Place of Registration	Registration Number
8.		The Company	PRC	11206213
9.		The Company	PRC	5518741
10.		The Company	PRC	5518743
11.	VeriSilicon Microelectronics(Shanghai) Co., Ltd.	The Company	PRC	5518744

Domain Names

As of the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1.	verisilicon.com	The Company	May 1, 2033
2.	verisilicon.cn	The Company	August 15, 2033

Patents

As of the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent Name	Registered Owner	Place of Registration
1.	Efficient Tile-Based Rasterization (高效的基於瓦片的光柵化)	Vivante Corporation	U.S.
2.	Efficient Block-Based Rasterization (高效的基於圖塊的柵格化)	Vivante Corporation	U.S.
3.	Multi-Core Based Convolutional Neural Network Acceleration Method, System, Storage Medium, and Terminal (基於多核的卷積神經網絡加速方法及系統、存儲介質及終端)	The Company and Vivante Shanghai	PRC
4.	A Fast Mode Estimation Method for HEVC Intra-Coding (一種用於HEVC幀內編碼的快速模式估計方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
5.	A Decoding Apparatus and Method for HEVC (一種用於HEVC的解碼裝置和方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
6.	A Design Method for a 5-Tap Filter to Implement Graphics and Image Scaling and Rotation in a Single-Step Pipelined Manner (用流水線方式單步實現圖形圖像縮放、旋轉的5階濾波器的設計方法)	Vivante Shanghai	PRC
7.	CMOS Temperature Sensor and Temperature Detection Method (CMOS溫度傳感器及溫度檢測方法)	The Company	PRC
8.	Power Supply Detection Circuit and Method (電源檢測電路及方法)	The Company	PRC
9.	A Method for Reducing Intra-Coding Latency in HEVC Encoders (一種減少HEVC編碼器中幀內編碼時延的方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC

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No.	Patent Name	Registered Owner	Place of Registration
10.	An Architectural Method for Simultaneously Supporting Display Controller and Graphics Accelerator Access to Memory (同時支持顯示控制器和圖形加速器訪問內存的架構方法)	Vivante Shanghai	PRC
11.	A Decoding Apparatus and Method for Scalable Video Coding (一種用於可伸縮視頻編碼的解碼裝置和方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
12.	A High Anti-Interference Dual-Channel Multi-Mode Broadband RF Receiver for Navigation Systems (一種用於導航系統的高抗干擾雙通道多模寬帶射頻接收機)	The Company, VeriSilicon Chengdu and VeriSilicon Nanjing	PRC
13.	A Blood Oxygen Saturation Detection Method, Apparatus, Electronic Device, and Storage Medium (一種血氧飽和度檢測方法、裝置、電子設備及存儲介質)	VeriSilicon Nanjing	PRC
14.	An Implementation Apparatus and Method for HEVC Coding Unit Level Rate Control (HEVC編碼單元級碼率控制的實現裝置及方法)	The Company, VeriSilicon Chengdu and VeriSilicon Beijing	PRC
15.	An Apparatus and Method for Improving the Encoding Speed of the Quality Enhancement Layer in Scalable Video Coding (一種提高可伸縮視頻編碼質量增強層編碼速度裝置和方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
16.	Video Decoding Kalmanization Method, Apparatus, Storage Medium, and Terminal (視頻解碼卡盧曼化方法、裝置、存儲介質及終端)	VeriSilicon Chengdu, the Company, VeriSilicon Technology, VeriSilicon Nanjing and VeriSilicon Hainan	PRC
17.	A Programmable Filter, GNSS System-on-Chip, and RF Receiver (一種可編程濾波器、GNSS系統芯片和射頻接收機)	The Company, VeriSilicon Chengdu and VeriSilicon Nanjing	PRC
18.	System and Method for Dynamically Reconfiguring Vertex Cache (用於動態重新配置頂點緩存的系統和方法)	Vivante Corporation	U.S.
19.	Device and Method for Enhancement Layer Motion Estimation in Scalable Video Coding (用於可伸縮視頻編碼中增強層運動估計的設備和方法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
20.	Waveform Detection Method, Apparatus, Wearable Device, and Computer-Readable Storage Medium (波形檢測方法、裝置、可穿戴設備及計算機可讀存儲介質)	VeriSilicon Chengdu, the Company and VeriSilicon Nanjing	PRC
21.	A TU Tree Structure Decision Algorithm Based on HEVC Video Coding (一種基於HEVC視頻編碼的TU樹狀結構抉擇算法)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
22.	A Low-Power Over-Temperature Detection Circuit (一種低功耗過溫檢測電路)	VeriSilicon Chengdu, the Company and VeriSilicon Nanjing	PRC
23.	System and Method for Calculating Mathematical Functions (用於計算數學函數的系統和方法)	Vivante Corporation	U.S.
24.	Image Compression Method, Apparatus, Electronic Device, and Computer-Readable Storage Medium (圖像壓縮方法、裝置、電子設備及計算機可讀存儲介質)	VeriSilicon Chengdu, the Company, VeriSilicon Nanjing and VeriSilicon Beijing	PRC

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No.	Patent Name	Registered Owner	Place of Registration
25.	Low-Power, Low-Memory Throughput Multi-Dimensional Digital Filter (低功耗低內存貫通多維數字濾波)	Vivante Corporation	U.S.
26.	An Apparatus and Method for Fast Implementation of Video Noise Reduction Embedded in HEVC Coding Units (一種快速實現嵌入HEVC編碼單元的視頻降噪的裝置及方法)	The Company, VeriSilicon Chengdu and VeriSilicon Beijing	PRC
27.	A Turbo Decoder and Decoding Method (一種Turbo譯碼器及譯碼方法)	VeriSilicon Chengdu, the Company and VeriSilicon Beijing	PRC
28.	An Audio Sample Rate Conversion Method and System Based on a Windowed Blackman Window FIR Filter (一種基於加窗Blackman窗的FIR濾波器的音頻採樣率轉換方法及系統)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
29.	Intelligent Configurable Graphics Bandwidth Modulator (智能可配置圖形帶寬調製器)	Vivante Corporation	U.S.
30.	A Tile-Based Multi-Layer, Multi-Attribute Alpha Blending System and Method (基於瓦片的多層多屬阿爾法混合系統和方法)	Vivante Corporation	U.S.
31.	Trusted Dynamic Boot Method, System, Storage Medium, and Terminal for Multi-Processors (多處理器的可信動態啟動方法、系統、存儲介質及終端)	VeriSilicon Chengdu, the Company, VeriSilicon Technology, VeriSilicon Nanjing and VeriSilicon Hainan	PRC
32.	A Code Pre-Integration Method, Apparatus, and System (一種代碼預先集成方法、裝置及系統)	The Company, VeriSilicon Chengdu, VeriSilicon Nanjing, and VeriSilicon Beijing	PRC
33.	Connection Relationship Determination Method, Apparatus, Electronic Device, and Readable Storage Medium (連接關係確定方法、裝置、電子設備及可讀存儲介質)	VeriSilicon Nanjing	PRC
34.	A High-Precision Over-Temperature Detection Circuit (一種高精度過溫檢測電路)	VeriSilicon Chengdu, the Company and VeriSilicon Nanjing	PRC
35.	An Apparatus for a Vector Graphics Processor to Perform Real-Time Graphics and Image Rendering without Going Through DDR (矢量圖形處理器不通過DDR完成圖形圖像實時繪製的裝置)	Vivante Shanghai and the Company	PRC
36.	A Signal Filtering Method, Model Training Method, Apparatus, and Electronic Device (一種信號濾波方法、模型訓練方法、裝置及電子設備)	VeriSilicon Nanjing	PRC
37.	Unified Management Method, Apparatus, Device, and Medium for Multi-Format Encoding Reference Frames (多格式編碼參考幀統一管理方法、裝置、設備和介質)	VeriSilicon Beijing, the Company, VeriSilicon Chengdu, VeriSilicon Technology, VeriSilicon Nanjing and VeriSilicon Hainan	PRC
38.	Using a Smoothing Filter for Post-Rendering Anti-Aliasing(使用平滑濾波器進行後期渲染抗鋸齒)	Vivante Corporation	U.S.
39.	Deringing Filter for Decompressing Video Data (用於解壓縮視頻數據的去振鈴濾波器)	Vivante Corporation	U.S.

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No.	Patent Name	Registered Owner	Place of Registration
40.	Thin Line Detection Apparatus and Method (細線檢測裝置和方法)	Vivante Corporation	U.S.
41.	A Text Processing Method and Apparatus Based on Embedded Meta-Language Instructions (一種基於嵌入元語言指令的文本處理方法及裝置)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC
42.	A Fast Bypass Method and Apparatus for Deblocking Effect Based on RealVideo9 or 10 (一種基於RealVideo9或10去塊效應的快速旁路方法和裝置)	VeriSilicon Beijing, the Company and VeriSilicon Chengdu	PRC

Copyrights

As of the Latest Practicable Date, the Group had registered the following copyrights which are material to its business:

No.	Copyright Name	Registered Owner	Place of Registration
1.	Wafer Mass Production Test Software for VEGA Chip (VEGA芯片的晶圓量產測試軟件)	Company	PRC
2.	Wafer Test Software for Perseus Chip (Perseus芯片晶圓測試軟件)	Company	PRC
3.	Wafer Mass Production Test Software for VEGA-BA Chip (VEGA-BA芯片的晶圓量產測試軟件)	Company	PRC
4.	Wafer Mass Production Test Software for GEMINI-CB Chip (GEMINI-CB芯片的晶圓量產測試軟件)	Company	PRC
5.	Wafer Mass Production Test Software for Corvus-CC Chip (Corvus-CC芯片的晶圓量產測試軟件)	Company	PRC
6.	Wafer Mass Production Test Software for SCC5LA Chip (SCC5LA芯片晶圓量產測試軟件)	Company	PRC
7.	Finished Product Mass Production Test Software for Microprocessor Chips (微處理器芯片成品量產測試軟件)	Company	PRC
8.	Finished Product Mass Production Test Software for Automotive Diagnostic Chips (車用診斷芯片成品量產測試軟件)	Company	PRC

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the H Shares are [REDACTED] on the Stock Exchange, will be as follows:

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(i) Interests in the Company

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding in A Shares upon completion of the [REDACTED] ⁽¹⁾	Shareholding in total issued share capital upon completion of the [REDACTED] ⁽¹⁾
Dr. Wayne Wei-Ming Dai ⁽²⁾ . . .	Beneficial owner	8,742,507 A Shares	1.66%	[REDACTED]%
	Interest in controlled corporations	4,841,302 A Shares	0.92%	[REDACTED]%
Mr. Wei-Jin Dai	Beneficial owner	1,545,956 A Shares	0.29%	[REDACTED]%
Mr. Wang Yang	Beneficial owner	691,842 A Shares	0.13%	[REDACTED]%
Ms. Shi Wenli ⁽³⁾	Interest in controlled corporations	13,801,588 A Shares	2.62%	[REDACTED]%
Mr. Chen Xiaofei ⁽⁴⁾	Interest in controlled corporations	26,295,761 A Shares	4.99%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes).
- (2) As of the Latest Practicable Date, VeriVision LLC, our offshore ESOP platform, was held as to 79.95% by Dr. Wayne Wei-Ming Dai. As such, Dr. Wayne Wei-Ming Dai was deemed to be interested in the 4,841,302 A Shares held by VeriVision LLC under the SFO.
- (3) As of the Latest Practicable Date, the general partner of each of Gongqingcheng Yuanhou Investment Partnership (Limited Partnership) (共青城原厚投資合夥企業(有限合夥)), “Gongqingcheng Yuanhou”) and Gongqingcheng Yuande Investment Partnership (Limited Partnership) (共青城原德投資合夥企業(有限合夥)), “Gongqingcheng Yuande”), our ESOP platforms, was Gongqingcheng Yuanhe Investment Co., Ltd. (共青城原和投資有限公司), a company held as to 40% by Ms. Shi Wenli. As such, Ms. Shi Wenli was deemed to be interested in the 13,801,588 A Shares held by Gongqingcheng Yuanhou and Gongqingcheng Yuande under the SFO.
- (4) As of the Latest Practicable Date, the general partner of each of Jiaxing Shixing and Jiaxing Haicheng was Gongqingcheng Xingcheng Investment Partnership (Limited Partnership) (共青城興橙投資合夥企業(有限合夥)), which was in turn held as to 42.5% by its general partner, Mr. Chen Xiaofei. The general partner of Gongqingcheng Wenxing is Shanghai Xingcheng Investment Management Co., Ltd. (上海興橙投資管理有限公司), which is in turn held as to 51% by Mr. Chen Xiaofei. As such, Mr. Chen Xiaofei was deemed to be interested in the 26,295,761 A Shares held by Jiaxing Shixing, Jiaxing Haicheng and Gongqingcheng Wenxing under the SFO.

(ii) Interests in the associated corporations of the Company

So far as the Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the Shares, underlying Shares and debentures of the Company or the shares, underlying shares or debentures of any of the associated corporations of the Company.

Disclosure of Interests of Substantial Shareholders

(i) Interests in the Company

Save as disclosed in “Substantial Shareholders” in this document and “— Disclosure of Interests of Directors and Chief Executive of the Company — (i) Interests in the Company” in this section, the Directors are not aware of any person who will have an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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(ii) *Interests in other member of the Group*

Member of the Group	Name of substantial shareholder	Approximate percentage of the issued voting shares held by the substantial shareholder
Tiansui Xinyuan	Huaxin Dingxin SSCI Leading	31.58% 15.79%

Save as disclosed above, the Directors are not aware of any person who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

FURTHER INFORMATION ABOUT THE DIRECTORS

Particulars of the Service Contracts

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see “Directors and Senior Management — Remuneration” and Note 14 in “Appendix I — Accountants’ Report.”

Agency Fees or Commissions Received

The [REDACTED] will receive an [REDACTED] commission in connection with the [REDACTED], as detailed in “[REDACTED].” Save in connection with the [REDACTED], no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in “— Other Information — Qualifications and Consents of Experts” below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Personal Guarantees

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to the Group.

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Disclaimers

- (a) None of the Directors nor any of the experts referred to in “— Other Information — Qualifications and Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to in “— Other Information — Qualifications and Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.
- (c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [REDACTED] or related transactions as mentioned.

RESTRICTED A SHARE INCENTIVE SCHEMES

The following is a summary of the principal terms of the Restricted A Share Incentive Schemes, out of which, the 2020 Restricted A Share Incentive Scheme and 2025 Restricted A Share Incentive Scheme were outstanding as of the Latest Practicable Date. The terms of the Restricted A Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of option or share award by the Company after the [REDACTED]. Save as otherwise disclosed, the terms of each of the Restricted A Share Incentive Schemes are substantially similar and are summarized below.

(a) Purpose

The purpose of the Restricted A Share Incentive Schemes is to establish and improve our Group’s long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group’s employees, align the interests of our Shareholders, our Group and our employees and focus on the long-term development of our Group.

(b) Administration

The Restricted A Share Incentive Schemes are subject to the approval of the Shareholders’ general meeting and the administration of the Board.

(c) Participants

The participants of the 2020 Restricted A Share Incentive Schemes include senior management, key technical personnel and key business personnel of the Group, but excludes independent Directors, supervisors or any shareholder who individually or jointly holds 5% or more of the Shares. The participants of the 2022 Restricted A Share Incentive Schemes include Directors, senior management, key technical personnel and key business personnel of the Group, but excludes independent Directors or supervisors. The participants of the 2025 Restricted A Share Incentive Schemes include Directors, senior management, core technical personnel, key technical personnel and key business personnel of the Group, but excludes independent non-executive Directors.

(d) Source and maximum number of Restricted Shares

The underlying Shares of the Restricted A Share Incentive Schemes are the A Shares to be issued by the Company. The underlying Shares of the 2025 Restricted A Share Incentive Scheme might also include the A Shares repurchased by the Company from secondary market.

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Each Restricted Share granted entitles the relevant participant to purchase one A Share upon vesting within the agreed period at the grant price. The Restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The initial maximum number of Restricted Shares that can be granted under each of the Restricted A Share Incentive Schemes are as follows:

Restricted A Share Incentive Schemes	Initial maximum number of Restricted Shares to be granted under the relevant plan
2020 Restricted A Share Incentive Scheme	3,850,000
2022 Restricted A Share Incentive Scheme	4,012,500
2025 Restricted A Share Incentive Scheme	8,116,250

The number of Restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

(e) Date of grant and term of the Restricted A Share Incentive Schemes

The date on which the Restricted Shares are granted shall be determined by the Board after approval of the Restricted A Share Incentive Schemes by the shareholders' general meeting. The initial grant of the Restricted Shares shall be approved by the Board, registered and announced within 60 days after the date of approval of the Restricted A Share Incentive Schemes by the Shareholders' general meeting.

The Restricted A Share Incentive Schemes shall be effective from the date of grant of Restricted Shares under the plans up to the date when all of the Restricted Shares granted under the plans have been vested or cancellation, provided that the term of the plans shall not exceed 60 months or 72 months (as the case may be).

(f) Lock-up for Directors and senior management team

Subject to applicable laws and regulations, if the grantee is a Director or a member of senior management of the Company,

- (i) during their employment with the Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with the Company;
- (iii) income gained through sale of the Shares within six months after his or her purchase of the Shares or purchase of the Shares within six months after his or her sale of the Shares shall belong to the Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the grant of Restricted Shares

The Restricted Shares under the Restricted A Share Incentive Schemes will only be granted to selected participants if the following conditions are fulfilled:

- (i) with respect to the Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the accountants' report of the Company for the most recent fiscal year;

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- (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;
- (3) the Company has not distributed dividends in accordance with the laws and regulations, the Articles of Association or the Company's public commitment within the last 36 months after its listing;
- (4) applicable laws and regulations prohibit the implementation of share incentive; or
- (5) other circumstances determined by the CSRC; and
- (ii) with respect to a grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
 - (3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or
 - (6) other circumstances determined by the CSRC.

(h) Vesting of Restricted Shares

The vesting period for Restricted Shares commences from date of grant of Restricted Shares to the grantee and the interval between the date of completion of the grant and the date of vesting of the Restricted Shares shall be twelve months. During the vesting period, the Restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. In addition, the Restricted Shares will only be vested when (i) the conditions set out under paragraph (g) above are fulfilled; and (ii) the annual assessment and performance targets as set out under the plans are achieved.

Under the 2020 Restricted A Share Incentive Scheme, the Restricted Shares will be vested in tranches of 50%, 25% and 25% in each of the three vesting periods that occur between the first trading date after the 24-month anniversary from the date of grant and the lasting trading date up to the 60-month anniversary of the date of grant.

Under the 2022 Restricted A Share Incentive Scheme, the Restricted Shares will be vested in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after the 12-month anniversary from the date of grant and the lasting trading date up to the 48-month anniversary of the date of grant.

Under the 2025 Restricted A Share Incentive Scheme, the Restricted Shares will be vested in tranches of 20%, 40% and 40% in each of the three vesting periods that occur between the first trading date after the 12-month anniversary from the date of grant and the lasting trading date up to the 48-month anniversary of the date of grant.

(i) Dividend and voting rights

Before the vesting of the Restricted Shares, the Restricted Shares (including the right to receive dividends) shall be locked and such Restricted Shares shall not be transferred or used to guarantee or repay debts. Upon vesting and registration of the Restricted Shares, the grantees of Restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

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(j) Outstanding Restricted Shares

As of the Latest Practicable Date, the total number of A Shares underlying the outstanding Restricted Shares granted under the Restricted A Share Incentive Schemes amounted to 6,439,000, representing approximately [REDACTED]% of the total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]).

The following table sets forth the number of outstanding Restricted Shares granted to Directors, senior management or connected persons of our Company under the Restricted A Share Incentive Schemes as of the Latest Practicable Date.

Name of grantee	Position in our Company	Series of Restricted A Share Incentive Schemes	Date of grant	Number of outstanding Restricted Shares	Grant price <i>RMB (per A Share)</i>	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
<i>Directors and senior management</i>						
Dr. Wayne Wei-Ming Dai	Chairman, Executive Director, Chief Executive Officer, President	2025 Restricted A Share Incentive Scheme	November 6, 2025	800,000	84.58	[REDACTED]%
Mr. Wei-Jin Dai . . .	Executive Director, chief strategy officer, executive vice president and general manager of IP Division	2025 Restricted A Share Incentive Scheme	November 6, 2025	500,000	84.58	[REDACTED]%
Mr. Wang Yang . . .	Executive Director, chief operating officer and executive vice president of worldwide sales	2025 Restricted A Share Incentive Scheme	November 6, 2025	300,000	84.58	[REDACTED]%
Ms. Shi Wenli	Executive Director, secretary of the Board, company secretary and senior vice president of human resources and administration	2025 Restricted A Share Incentive Scheme	November 6, 2025	300,000	84.58	[REDACTED]%
Mr. Wang Zhiwei . . .	Executive vice president and general manager of Custom Silicon Platform Division	2025 Restricted A Share Incentive Scheme	November 6, 2025	150,000	84.58	[REDACTED]%
Ms. Zhao Chunrong .	Chief financial officer	2025 Restricted A Share Incentive Scheme	November 6, 2025	150,000	84.58	[REDACTED]%
<i>Subtotal</i>				2,200,000		[REDACTED]%
<i>Connected person . . .</i>						
Brandon Hai-Bing Dai	Senior manager of strategic investments	2025 Restricted A Share Incentive Scheme	November 6, 2025	10,000		[REDACTED]%
<i>Total</i>				2,210,000		[REDACTED]%

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Note:

- (1) Assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

The following table sets forth the number of outstanding Restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the Restricted A Share Incentive Schemes as of the Latest Practicable Date.

Series of Restricted A Share Incentive Schemes	Number of Grantees	Date of grant	Number of outstanding Restricted Shares	Grant price <i>RMB (per A Share)</i>	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
2020 Restricted A Share Incentive Scheme	1	December 20, 2021	2,000	38.53	[REDACTED]%
2025 Restricted A Share Incentive Scheme	1,114	November 6, 2025	4,227,000	84.58	[REDACTED]%

Note:

- (1) Assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the [REDACTED] and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Joint Sponsors

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\$250,000 for acting as the sponsor for the [REDACTED].

Preliminary Expenses

The Company has not incurred any material preliminary expenses.

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Promoters

The promoters of the Company are VeriSilicon Limited, Wealth Strategy Holding Limited, China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司), Gongqingcheng Shixing Investment Partnership (Limited Partnership) Enterprise (共青城時興投資合夥企業(有限合夥)), Jiaxing Haicheng Venture Capital Partnership (Limited Partnership) (嘉興海澄投資合夥企業(有限合夥)), Jiaxing Junxiang Investment Partnership (L.P.) (嘉興君祥投資合夥企業(有限合夥)), Jiaxing Junlang Investment Management Partnership (L.P.) (嘉興君朗投資管理合夥企業(有限合夥)), Hefei Huaxin Yiyuan Investment Center Partnership (L.P.) (合肥華芯宜原投資中心合夥企業(有限合夥)), Shanghai Pudong Emerging Industry Investment Co., Ltd. (上海浦東新興產業投資有限公司), Vantage Point Venture Partners 2006 (Q), L.P., SVIC No. 33 New Technology Business Investment L.L.P., Jovial Victory Limited, Intel Capital (Cayman) Corporation, Tibet Deyuan Industrial Co., Ltd. (西藏德遠實業有限公司), Wayne Wei-Ming Dai, IDG Technology Venture Investments, LP, Shanghai Aiaote Investment Co., Ltd. (上海艾歐特投資有限公司), Anemol Capital Limited, SVIC No. 25 New Technology Business Investment L.L.P., IDG Technology Venture Investment III, L.P., Gongqingcheng Yuantian Investment Partnership (Limited Partnership) Enterprise (共青城原天投資合夥企業(有限合夥)), Focuspower Investment Inc., Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業投資有限公司), Ningbo Shenyi Chuanghe Venture Capital Partnership (L.P.) (寧波申毅創合創業投資合夥企業(有限合夥)), IDG Technology Venture Investment IV, L.P., HwaCom Systems Inc. (華電聯網股份有限公司), Hsu, Ming-Kang, Han, Kuang-Chung, Miven Venture Partners Fund I, LLC, Lee-Min Tsai, Margaret Tsai Cheng, Gongqingcheng Wenxing Investment Partnership Enterprise (Limited Partnership) (共青城文興投資合夥企業(有限合夥)), Koruspartners, Gongqingcheng Yuandao Investment Partnership Enterprise (Limited Partnership) (共青城原道投資合夥企業(有限合夥)), Gongqingcheng Yuanchou Investment Partnership Enterprise (Limited Partnership) (共青城原酬投資合夥企業(有限合夥)), Gongqingcheng Yuanqin Investment Partnership Enterprise (Limited Partnership) (共青城原勤投資合夥企業(有限合夥)), Gongqingcheng Yuanhou Investment Partnership Enterprise (Limited Partnership) (共青城原厚投資合夥企業(有限合夥)), Gongqingcheng Yuande Investment Partnership Enterprise (Limited Partnership) (共青城原德投資合夥企業(有限合夥)), Gongqingcheng Yuanzai Investment Partnership Enterprise (Limited Partnership) (共青城原載投資合夥企業(有限合夥)), Gongqingcheng Yuanwu Investment Partnership Enterprise (Limited Partnership) (共青城原物投資合夥企業(有限合夥)), Gongqingcheng Yuanji Investment Partnership Enterprise (Limited Partnership) (共青城原吉投資合夥企業(有限合夥)).

Within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

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Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this document are as follows:

Name of Expert	Qualifications
CITIC Securities (Hong Kong) Limited (<i>in alphabetical order</i>)	A licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
UBS Securities Hong Kong Limited (<i>in alphabetical order</i>)	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditors
Fangda Partners	PRC legal advisor
China Insights Industry Consultancy Limited	Independent industry consultant

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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Miscellaneous

Save as otherwise disclosed in this document,

- (a) within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued;
- (d) none of the equity and debt securities of the Company or its subsidiary is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (e) the Company has no outstanding convertible debt securities or debentures;
- (f) none of the experts listed under “— Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the [REDACTED]; and
- (g) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.

APPENDIX V	DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts”; and
- (b) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.verisilicon.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report and the report on the unaudited [REDACTED] financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in “Appendix I — Accountants’ Report” and “Appendix II — Unaudited [REDACTED] Financial Information,” respectively;
- (c) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the legal opinion from Fangda Partners, the Company’s PRC Legal Advisor, in respect of certain matters of the Group under the PRC laws;
- (e) the industry report prepared by China Insights Industry Consultancy Limited referred to in the section headed “Industry Overview” in this document;
- (f) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations;
- (g) the service contracts between each of the Directors and the Company referred to in “Appendix IV — Statutory and General Information — Further Information about the Directors — Particulars of the Service Contracts”;
- (h) the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts”; and
- (i) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts.”