OVERVIEW

As of the date of this document, Mr. Wang (our chairman of the Board, executive Director and co-general manager), Mr. Zhou (executive Director and our general manager) and Mr. Liu Yi (劉屹) directly hold approximately 12.52%, 10.31% and 1.86% of our total share capital, respectively. Furthermore, Mr. Wang and Mr. Zhou collectively control an aggregate of approximately 6.50% of the voting rights in our Company through entities under their control, namely: (i) Camsense Investment, where Mr. Wang serves as the executive and general partner; (ii) Xinle Management, where Mr. Wang also serves as the executive and general partner; and (iii) Camsense Era, where Mr. Zhou serves as the executive and general partner.

Therefore, as of the date of this document, Mr. Wang, Mr. Zhou, Mr. Liu, Camsense Investment, Xinle Management and Camsense Era collectively, through a concert party arrangement, control approximately 31.20% of the voting rights in our Company. Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Wang, Mr. Zhou, Mr. Liu, Camsense Investment, Xinle Management and Camsense Era will collectively, through a concert party arrangement, control approximately [**REDACTED**]% of the voting rights in our Company. Accordingly, Mr. Wang, Mr. Zhou, Mr. Liu, Camsense Investment, Xinle Management and Camsense Era, as a group of Shareholders, will not be regarded as our controlling shareholders under the Listing Rules, but will remain as the single largest group of Shareholders of our Company (the "**Single Largest Group of Shareholders**"). For details of the concert party arrangement, see "History, Development and Corporate Structure — Concert Party Agreement."

Mr. Liu Yi (劉屹) is a seasoned leader with profound expertise and visionary insight in the fields of technology and semiconductors. Mr. Liu obtained his master's degree in electronic components and materials and his bachelor's degree in electronic engineering from Xi'an Jiaotong University (西安交通大學) in China in 1992 and 1989, respectively. He served as Deputy General Manager of Shenzhen China Merchants Technology Co., Ltd. (深圳招商局科技有限公司) from August 2006 to October 2018. Since November 2018, Mr. Liu has been serving as General Manager of Shenzhen Haichuang Semiconductor Technology Co., Ltd. (深圳海創半導體科技有限公司). For details of the background of Mr. Wang and Mr. Zhou, see "Directors and Senior Management."

COMPETITION

As of the Latest Practicable Date, none of the Single Largest Group of Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and their close associates after the [**REDACTED**].

Management Independence

Our business is managed and conducted by the Board and senior management. Our Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, see "Directors and Senior Management." We believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Group of Shareholders and their respective close associates for the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by our executive Directors and senior management team, all of whom have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interests of our Group. For details of the industry experience of our executive Directors and senior management team, please see the section headed "Directors and Senior Management;"

(iii) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, and no single Director is able to make any decisions unless authorized by the Board;

(iv) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for one-third of the Board, and do not and will not take up any position with our Single Largest Group of Shareholders. All of our three independent non-executive Directors are independent from our Single Largest Group of Shareholders and possess the requisite industry knowledge and experience. For details, see "Directors and Senior Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions;

(v) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective close associate, any interested Director is required to declare the nature of such interests and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(vi) upon the [**REDACTED**], we will adopt a series of corporate governance measures to manage conflicts of interests, if any, between our Group and our Single Largest Group of Shareholders. For details, see "— Corporate Governance Measures" below.

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We possess all relevant technologies, licenses, and intellectual properties related to our Group's business, as well as all requisite qualifications and approvals necessary for conducting our business. Currently, we conduct our Group's business independently, with the authority to make operational decisions and implement them independently.

We have sufficient capital, facilities, technology, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We also have independent access to our customers and suppliers and an independent management team to handle our day-to-day operations.

Based on the above, our Directors believe that we are able to operate independently from our Single Largest Group of Shareholders and their respective close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Single Largest Group of Shareholders and their respective close associates, as well as a sound and independent financial system. Our Company makes financial decisions and determine our use of funds according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Single Largest Group of Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Single Largest Group of Shareholders and their respective close associates.

As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Single Largest Group of Shareholders or their respective close associates. We do not expect to rely on our Single Largest Group of Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

Based on the above, our Directors believe that we do not place undue reliance on our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Upon the [**REDACTED**], we will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would put in place the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

(i) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which any member of our Single Largest Group of Shareholders or any of their associates has a material interest, the relevant member in our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum for the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with any member of our Single Largest Group of Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;

(iv) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(v) our Company shall disclose the decisions, with basis, on matters reviewed by the independent non-executive Directors, either in its annual or interim reports or by way of announcements, as required by the Listing Rules;

(vi) we have established our audit committee, remuneration and appraisal committee, nomination committee and strategy committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;

(vii) where the advice from an independent professional, such as a financial or legal adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professionals will be made at our Company's expenses; and

(viii) we have appointed First Shanghai Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Single Largest Group of Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.