
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to August 2014, when our Company was incorporated. We are a leading AI company in China, dedicated to the design, development and commercialization of AI inference chips. By integrating our deep expertise in AI algorithms and real-world scenarios into powerful and cost-efficient applications utilizing AI inference computing, we deliver NPU-powered AI inference chip-related products and services for enterprise, consumer, and industry applications.

Our Company was converted into a joint stock limited company in July 2020, and subsequently listed on the Shanghai Stock Exchange (stock code: 688343) in April 2023. See “—Major Shareholding Changes in Our Company—Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange.” As of the Latest Practicable Date, Dr. Chen controlled approximately 24.96% of the voting rights of our Company, comprising (i) approximately 23.27% beneficially owned by himself directly, and (ii) approximately 1.69% beneficially owned by Mingde Zhiyuan, which is wholly owned by Dr. Chen.

KEY DEVELOPMENT MILESTONES

The following table illustrates the key milestones of our business development since our establishment:

<u>Year</u>	<u>Milestone</u>
2015	<ul style="list-style-type: none">• We launched our self-developed first-generation NPU, <i>Nova 100</i>.• We started AI scalable application in the industry-class scenario.
2018	<ul style="list-style-type: none">• Our <i>DeepEye 1000</i> successfully taped out based on the second-generation NPU <i>Nova</i>, and achieved mass production and commercialization.
2021	<ul style="list-style-type: none">• We licensed our self-developed third-generation NPU IP to enterprise-class customers.
2022	<ul style="list-style-type: none">• Our <i>DeepEdge 10</i>, suitable for Transformer-based Models, successfully taped out based on the fourth generation NPU <i>Nova</i>.
2023	<ul style="list-style-type: none">• We began our listing on the Shanghai Stock Exchange.• We developed our large-scale intelligent computing centers, providing services to our enterprise-class customers.
2024	<ul style="list-style-type: none">• We acquired D-infuture Tech and entered the consumer-class application scenario.• We released <i>Dr. LookAi</i> consumer brand and launched our first AI-native product.

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OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period or are strategically important to our business:

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Hangzhou Lifei	March 12, 2015	PRC	100%	Technology promotion and application services
Shenzhen Lifei	October 19, 2017	PRC	100%	Technology promotion and application services
D-infuture Tech	August 29, 2018	PRC	51%	Wholesale of electronic products
Shenzhen Turing	April 25, 2013	PRC	100%	Technology promotion and application services
Imprexion Data	February 9, 2018	PRC	100%	Software and internet information technology services
Chengdu Intellifusion	April 17, 2018	PRC	100%	Technology promotion and application services
Tianzhou Jincheng	February 7, 2022	PRC	100%	Technology promotion and application services
Tianfu Lifei	March 27, 2023	PRC	100%	Internet information technology services
Lifei New Energy	October 24, 2023	PRC	100%	Energy-saving technology promotion services
Qingdao Intellifusion	December 28, 2017	PRC	100%	Technology promotion and application services
Dr. LookAi	July 29, 2024	PRC	100%	Wholesale of electronic products

SHARE INCENTIVE SCHEMES

The 2023 Restricted A Shares Incentive Scheme was adopted by our Shareholders at the second extraordinary general meeting held on October 13, 2023. The 2025 Restricted A Shares Incentive Scheme was adopted by our Shareholders at the third extraordinary general meeting held on November 17, 2025. The purposes of the Share Incentive Schemes are, among others, to incentivize the management personnel and employees, attract and retain management talents and key personnel and enhance cohesiveness and competitiveness of our Company. See “Statutory and General Information—A. Further Information About Our Group—5. Share Incentive Schemes” in Appendix IV to this document.

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Establishment and Early Development

Our Company was established in the PRC on August 27, 2014 as a limited liability company with an initial registered capital of RMB 1.0 million. At the time of establishment, our Company was owned as to 70% and 30% by Dr. Chen and Tian Dihong (田第鴻), respectively.

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Between August 2014 and July 2020, our Company underwent several rounds of increases in registered capital and share transfers. As of July 14, 2020, our Company’s registered capital was RMB11,018,791.

Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange

On July 23, 2020, our Company was converted into a joint stock company with a registered capital of RMB220,375,820, divided into 220,375,820 Shares with a nominal value of RMB1.00 each.

In April 2023, our A Shares were listed on the Shanghai Stock Exchange (stock code: 688343). We issued a total of 88,783,430 A Shares during the A-Shares listing, representing 25.00% of our Company’s total share capital immediately following the A-Shares listing. The shareholding structure of our Company immediately following our A-Shares listing was as follows:

Shareholder	Number of Shares	Percentage Shareholding
Dr. Chen	83,672,080	23.56%
Mingde Zhiyuan	6,083,700	1.71%
Zhuhai Yuntian Chuangxiang No. 1 Enterprise Management Partnership (Limited Partnership) (珠海雲天創享一號企業管理合夥企業(有限合夥)) (“Zhuhai Chuangxiang No. 1”) ⁽¹⁾ . . .	10,541,860	2.97%
Shenzhen Yuntian Chuangxiang No. 2 Enterprise Management Partnership (Limited Partnership)(深圳雲天創享二號企業管理合夥企業(有限合夥)) (“Shenzhen Chuangxiang No. 2”) ⁽²⁾ . . .	9,470,260	2.67%
Zhuhai Yuntian Chuangxiang No. 2 Enterprise Management Partnership (Limited Partnership) (珠海雲天創享二號企業管理合夥企業(有限合夥)) (“Zhuhai Chuangxiang No. 2”) ⁽¹⁾	4,766,460	1.34%
Zhuhai Yuntian Chuangxiang No. 3 Enterprise Management Partnership (Limited Partnership) (珠海雲天創享三號企業管理合夥企業(有限合夥)) (“Zhuhai Chuangxiang No. 3”) ⁽¹⁾	2,932,680	0.83%
Other A Shareholders	237,666,680	66.92%
Total	355,133,720	100%

(1) Each of Zhuhai Chuangxiang No.1, Zhuhai Chuangxiang No.2 and Zhuhai Chuangxiang No.3 was our employee shareholding platform prior to our A-Shares listing. The general partner of Zhuhai Chuangxiang No.1 was Mr. Yu Kai (于凱), our employee and former supervisor and the general partner of each of Zhuhai Chuangxiang No.2 and Zhuhai Chuangxiang No.3 was Mr. Yuan Danfeng (袁丹楓), our employee.

(2) Shenzhen Chuangxiang No.2 was our employee shareholding platform prior to our A-Shares listing. The general partner of Shenzhen Chuangxiang No.2 was Mr. Li Jianwen (李建文), our Director.

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of D-infuture Tech

Subject Matter and Consideration

On March 22, 2024, our Company entered into a share purchase agreement with D-infuture Tech, Ms. Wang Qian (王茜) and Mr. Zhang Hao (張昊), the spouse of Ms. Wang Qian (“Share Purchase Agreement”), pursuant to which our Company agreed to purchase from Ms. Wang Qian 100% equity interest in D-infuture Tech at a consideration of RMB180 million, subject to certain price adjustment mechanism. Such consideration was determined after arm’s length negotiation among the parties taking into account of (i) the appraised value of such 100% equity interest in D-infuture Tech as of October 31, 2023, i.e., RMB183.37 million, based on the valuation report issued by an independent valuer, (ii) the business prospects of D-infuture Tech, and (iii) the leading position of D-infuture Tech’s proprietary technology. Mr. Zhang Hao served as a director of marketing and sales of Shenzhen Tianwu Technology

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Co., Ltd. (深圳市天午科技有限公司), a subsidiary of Shenzhen Best of Best Holdings Co., Ltd. (stock code: 001298.SZ) from October 2012 to January 2019. Since then, Ms. Wang Qian founded D-infuture Tech and Mr. Zhang Hao joined D-infuture Tech as an assistant to the general manager. Our Company became acquaintance with D-infuture Tech in an investment event in September 2023. To the best knowledge of the Directors, each of Ms. Wang Qian and Mr. Zhang Hao was an independent third party prior to the completion of the First Phase Acquisition (as defined below) and there is no other past or present relationship (including business, employment, family, trust, financing, or otherwise) between each of Ms. Wang Qian and Mr. Zhang Hao and the substantial shareholders, directors, or senior management of our Company or any of their respective associates.

The equity interest transfer under the Share Purchase Agreement is as follows:

- (1) the first tranche involves the acquisition of 51% equity interest in D-infuture Tech (“First Phase Acquisition”);
- (2) the second tranche involves the acquisition of an additional 16% equity interest in D-infuture Tech (the “Second Phase Acquisition”), subject to the fulfilment of the performance target of D-infuture Tech for the financial year ending December 31, 2025 guaranteed by Ms. Wang Qian and Mr. Zhang Hao (“2025 Performance Guarantee”) and other precedent conditions set forth in the Share Purchase Agreement; and
- (3) the third tranche involves the acquisition of the remaining 33% equity interest in D-infuture Tech (the “Third Phase Acquisition”), subject to the fulfilment of the performance target of D-infuture Tech for the financial year ending December 31, 2026 guaranteed by Ms. Wang Qian and Mr. Zhang Hao (“2026 Performance Guarantee”, together with 2025 Performance Guarantee, as the “Performance Guarantee”) and other precedent conditions set forth in the Share Purchase Agreement.

Pursuant to the Share Purchase Agreement, the payment of the consideration is subject to the fulfilment of the Performance Guarantee under the Share Purchase Agreement. The consideration for each tranche of the equity interest transfer is RMB60 million, subject to the price adjustment mechanism under the Share Purchase Agreement. The consideration for the First Phase Acquisition, RMB60 million, was fully settled on May 28, 2024. The expected payment schedule of the consideration for the Second Phase Acquisition and the Third Phase Acquisition is set out below:

	<u>Expected Payment Schedule</u>	<u>Consideration (subject to the price adjustment mechanism under the Share Purchase Agreement)</u>
Second Phase Acquisition	May 2026	RMB30 million
Third Phase Acquisition	April 2027	RMB30 million
Second Phase Acquisition	April 2028	RMB30 million
Third Phase Acquisition	April 2029	RMB30 million

Performance Guarantee and Price Adjustment Mechanism

Pursuant to the Share Purchase Agreement, Ms. Wang Qian and Mr. Zhang Hao undertake that D-infuture Tech shall meet the Performance Guarantee for the relevant year(s) as follows:

<u>Relevant Year</u>	<u>Revenue</u>	<u>Gross Profit</u>	<u>Net Profit</u>
2025	RMB420,000,000	RMB43,066,800	RMB14,400,000
2026	RMB510,000,000	RMB52,295,400	RMB17,280,000

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Where the actual revenue of D-infuture Tech fails to meet the Performance Guarantee, the consideration for the Second Phase Acquisition and the Third Phase Acquisition shall be adjusted as follows:

(1) in the event that the actual revenue of D-infuture Tech for the relevant financial year fails to meet the Performance Guarantee for such year but exceeds 60% of the Performance Guarantee for such year, the consideration for the corresponding tranche shall be adjusted according to the following formula:

Adjusted consideration for the corresponding tranche = actual revenue for the relevant financial year ÷ the guaranteed revenue for such year × RMB60,000,000

(2) in the event that the actual revenue of D-infuture Tech for the relevant financial year fails to reach 60% of the guaranteed revenue for such year, the consideration for the corresponding tranche shall be adjusted to zero and the Company has the discretion to proceed or terminate the Second Phase Acquisition and the Third Phase Acquisition (as the case may be).

In the event that the actual gross profit of D-infuture Tech for the relevant financial year fails to meet the Performance Guarantee for such year, the Company and/or D-infuture Tech is entitled to require Ms. Wang Qian and Mr. Zhang Hao to pay compensation in cash to D-infuture Tech in an amount equal to the higher of the amounts calculated under the following two formulas:

- (i) *Gross profit compensation amount payable to D-infuture Tech = the guaranteed gross profit for the relevant year – actual gross profit for such year*
- (ii) *Net profit compensation amount payable to D-infuture Tech = the guaranteed net profit for the relevant year – actual net profit for such year*

Completion

As of the Latest Practicable Date, the First Phase Acquisition was properly and legally completed and settled, and all applicable regulatory approvals with respect to the First Phase Acquisition have been obtained. Upon completion of the First Phase Acquisition, D-infuture Tech was owned as to 51% by our Company and 49% by Ms. Wang Qian, respectively. The Second Phase Acquisition and the Third Phase Acquisition are expected to be completed around 2026 and 2027, respectively, subject to the fulfilment of the 2025 Performance Guarantee and the 2026 Performance Guarantee and other precedent conditions set forth in the Share Purchase Agreement.

Reasons for and Benefits of the Acquisition of D-infuture Tech

D-infuture Tech is a technology-driven company focused on the emerging AIoT sector. It primarily engaged in the development and technology services of software and hardware for smart devices products, such as smart earphones, smart watches and AI glasses, and providing related technology services.

Rationale for the acquisition of D-infuture Tech

Prior to the Acquisition, the Group’s existing business (the “Existing Business”) was focused primarily on enterprise-class scenario and industry-class scenario business. D-infuture Tech operates in the consumer-class scenario segment, specialising in smart devices. The acquisition of D-infuture Tech combines our AI large model capabilities with D-infuture Tech’s extensive operational experience in the consumer-class scenario segment, along with their proven hardware design capabilities and deep market insights, which strategically bridges these different but complementary focuses.

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Since early 2023, AI companies acquiring smart hardware companies has become a prevailing industry trend, a go-to move for securing user touchpoints and building closed-loop ecosystems. With the emergence of large AI models, the management of our Group observed accelerating adoption of AI features in consumer devices and the potential re-definition of smart hardware products. In response to this industry trend—also evidenced by certain listed AI companies launching their own consumer brands—the Group decided to enter the consumer market. Upon completion of the Acquisition in 2024, the Group launched its own consumer brand “*Dr. LookAi*” (嚙味博士) to commercialise AI features in smart devices. The acquisition of D-infuture Tech aims to leverage China’s rapidly growing AI market by combining the Company’s proprietary AI algorithms and chip technologies with D-infuture Tech’s expertise in smart devices. D-infuture Tech’s self-developed system and hardware design capabilities will enable the Company to integrate its AI capabilities into smart devices such as earphones, watches, and AR/VR devices. This strategic acquisition will expand the Company’s AIoT product portfolio, enhance market competitiveness, and align with national AI development policies while creating synergies between AI technology and smart devices.

The Group has developed the following plans and strategies to integrate the operations and resources of D-infuture Tech with the Existing Business: (i) leveraging D-infuture Tech’s customer base and sales channels to promote the Group’s “*Dr. LookAi*” products; (ii) involving D-infuture Tech’s core management team in the product design and upgrade of “*Dr. LookAi*” products to bring in consumer market insights; and (iii) deploying the Group’s IFMind large model into D-infuture Tech’s AI glasses and AI earbuds to enable advanced AI functionalities.

Following the completion of the Acquisition, D-infuture Tech’s core management team and R&D personnel have been substantively integrated into the development framework of the Company’s AI-native and AI-empowered products and have been actively engaged in multiple collaborative projects, covering both commercialised products and pipeline products:

- *Dr. LookAi learning camera*: The Company and D-infuture Tech have jointly developed and upgraded the *Dr. LookAi* learning camera with 36 core R&D personnel deployed. The Company is primarily responsible for the development of the AI models and software design. This includes the development and optimisation of its proprietary AI models, the selection and integration of appropriate external large models, and the implementation of AI-enabled functionalities in the products. D-infuture Tech is primarily responsible for the hardware design, supply chain management and sales channel promotion.
- *AI earbuds modules*: The Company and D-infuture Tech are jointly developing the AI earbuds modules with 26 R&D personnel deployed. The Company is responsible for the integration of AI model used for the function of real-time translation and intelligent Q&A in the product, while D-infuture Tech is responsible for PCBA design, hardware compatibility and the audio noise reduction algorithm module.
- *AI voice recorder modules*: The Company and D-infuture Tech are jointly developing the AI voice recorder modules with 26 core R&D personnel deployed. The Company is responsible for integrating and optimisation of other large AI model on the market, which D-infuture Tech is responsible for the software and hardware compatibility and active noise reduction performance.
- *AI glasses modules*: The Company and D-infuture Tech have jointly developed and upgraded the AI glasses modules with 20 core R&D personnel deployed. The Company is responsible for AI model integration and software design, while D-infuture Tech is responsible for the hardware design, PCBA design, and user experience optimization.

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- *Others:* Beyond the current pipeline, the Company and D-infuture Tech are also conducting preliminary technical feasibility assessments and conceptual product design for other products, such as desktop robot modules, smart cockpit modules, robotic vacuum cleaners modules and smart watches modules. In addition, the Company and D-infuture Tech will continue iterative upgrades of existing hardware products based on user feedback, performance data and evolving AI capabilities.

Accordingly, our Directors believe that the acquisition of D-infuture Tech is fair and reasonable and in the interests of the Shareholders as a whole.

Financial Information of D-infuture Tech

The financial information of D-infuture Tech since the completion of the First Phase Acquisition has been reflected in our consolidated financial statements for the Track Record Period. According to Rule 4.05A of the Listing Rules, the acquisition of D-infuture Tech would have been classified at the date of application for our [REDACTED] as a major transaction under Chapter 14 of the Listing Rules. For further details of the financial performance of D-infuture Tech, please refer to the history financial information of D-infuture Tech set out in Appendix I to this document.

Save as disclosed above, we had not conducted any other major acquisition, disposal or merger during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE PROPOSED [REDACTED] ON THE [REDACTED]

Since April 4, 2023, our Company has been listed on the Shanghai Stock Exchange. 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 and other applicable PRC securities laws and regulations in any material respects since its A- Share listing on the Shanghai Stock Exchange 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. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor’s view, nothing has come to the Joint [REDACTED] attention that would reasonably cause them to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respect.

We seek to be [REDACTED] on the [REDACTED] to further enhance our capital strength and overall competitiveness, boost our international brand profile and image, satisfy our international business development needs, and continue advancing our global strategies. See “Business—Growth Strategies” and “Future Plans and Use of [REDACTED].”

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PUBLIC FLOAT

Pursuant to Rule 19A.13A(2) of the Listing Rules, as the Company has A Shares in issue apart from the H Shares for which the [REDACTED] is sought, the H Shares for which the [REDACTED] is sought that are held by the public, at the time of the [REDACTED], must (a) represent at least 10% of the Company's total number of issued Shares (excluding treasury shares): or (b) have an expected market value of not less than HK\$3 billion.

The total number of the H Shares to be issued pursuant to the [REDACTED] represents approximately [REDACTED]% of the enlarged issued share capital of the Company (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes). It is expected that upon [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Share Incentive Schemes), the H Shares that are held by the public represent approximately [REDACTED]% of the total issued share capital of the Company, which is higher than the prescribed percentage of the H Shares required to be held by public of 10% under Rule 19A.13A(2) of the Listing Rules, thereby satisfying Rule 19A.13A(2) of the Listing Rules.

[REDACTED]

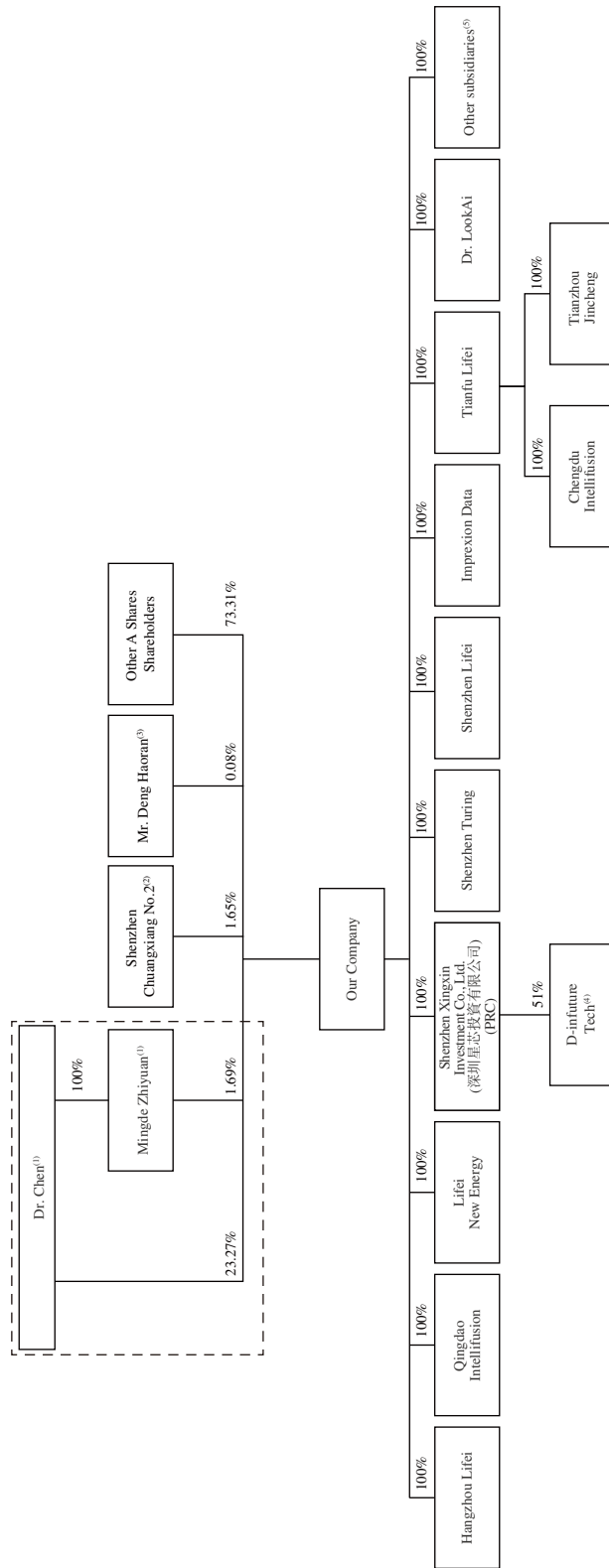
Rule [REDACTED] of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], the Company will satisfy the [REDACTED] requirement under Rule [REDACTED] of the Listing Rules.

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OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately prior to the [REDACTED]



(1) As of the Latest Practicable Date, Mingde Zhiyuan was wholly owned by Dr. Chen.

(2) As of the Latest Practicable Date, the general partner of Shenzhen Chuangxiang No.2 was Mr. Li Jianwen. For details of the background of Mr. Li Jianwen, see “Directors and Senior Management”.

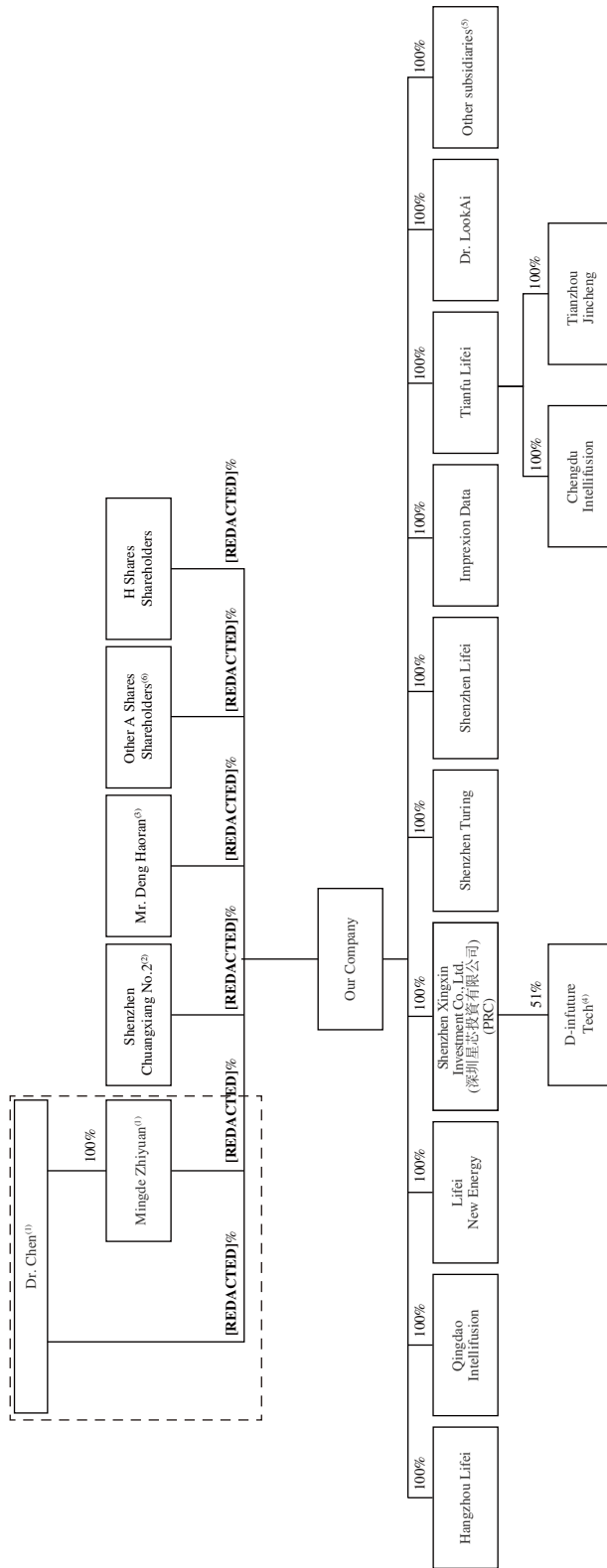
(3) Mr. Deng Haoran, our executive Director. For details of the background of Mr. Deng Haoran, see “Directors and Senior Management”.

(4) As of the Latest Practicable Date, D-infuture Tech was 49% owned by Ms. Wang Qian. For details of the background of D-infuture Tech, see “—Major Acquisitions and Disposals” in this section.

(5) Other subsidiaries include 28 subsidiaries established in the PRC, 3 subsidiaries in Hong Kong and 2 subsidiaries in BVI. For further details of the subsidiaries of our Company, see Note I to Part II to “Accountants’ Report” in Appendix I to this document.

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Shareholding and Corporate Structure Immediately following Completion of the [REDACTED] (assuming the [REDACTED] are not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes)



Notes (1) to (5): see “—Shareholding and Corporate Structure Immediately prior to the [REDACTED].”

(6) No substantial shareholder is included in “other A Shareholders”.