OUR MISSION

AI, everywhere and beyond (讓AI無處不在).

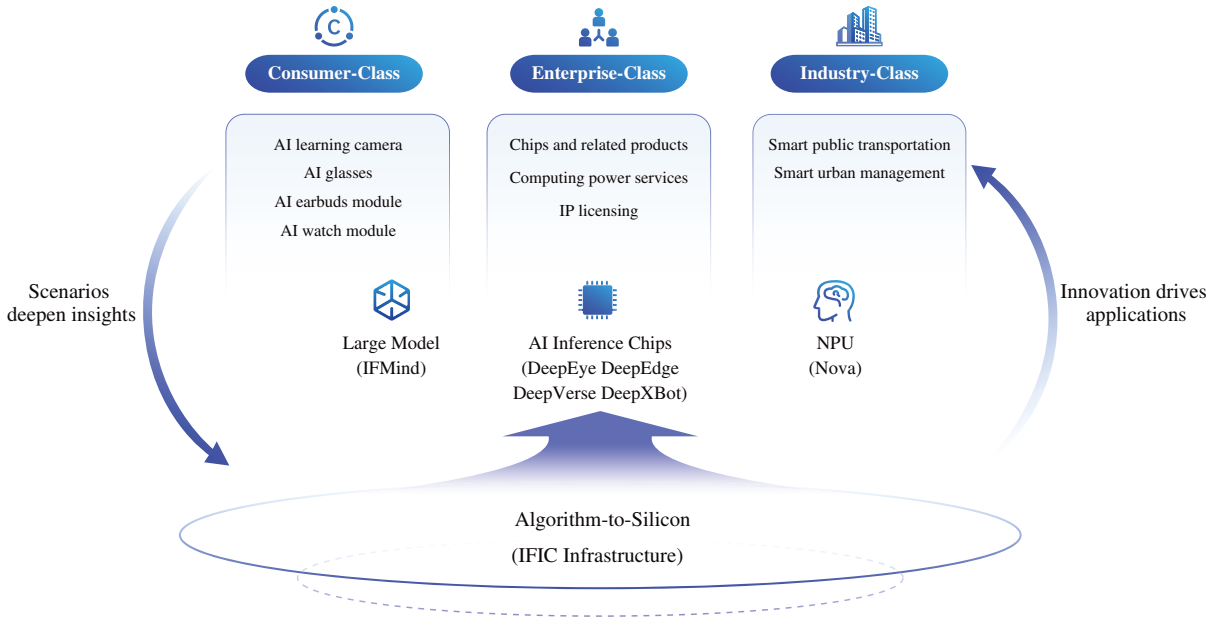
OUR VISION

Accelerating the AI inference era (AI推理時代的加速器).

OVERVIEW

Who We Are

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. We have achieved a closed-loop system, from building AI inference infrastructure to product design, development, and commercial deployment, ensuring seamless AI adoption across diverse industries. According to the CIC Report, we are a top three industry leader for full-scenario AI inference chip-related products and services in China in terms of the relevant revenue in 2025[(1)]. We are also a top three provider of NPU-powered AI inference chip-related products and services in China in terms of the relevant revenue in 2025[(2)], according to the same source. Both the full-scenario AI inference chip-related products and services industry in China and the NPU-powered AI inference chip-related products and services industry in China are oligopolistic, with the leading player holding approximately 34.0% and 82.2% market share respectively, while the remainder of each market is highly fragmented. During the Track Record Period, we generated substantially all of our revenue from China. The following diagram is a simplified illustration of our business model.



(1) Our market share in the relevant market was less than 1% in 2025.

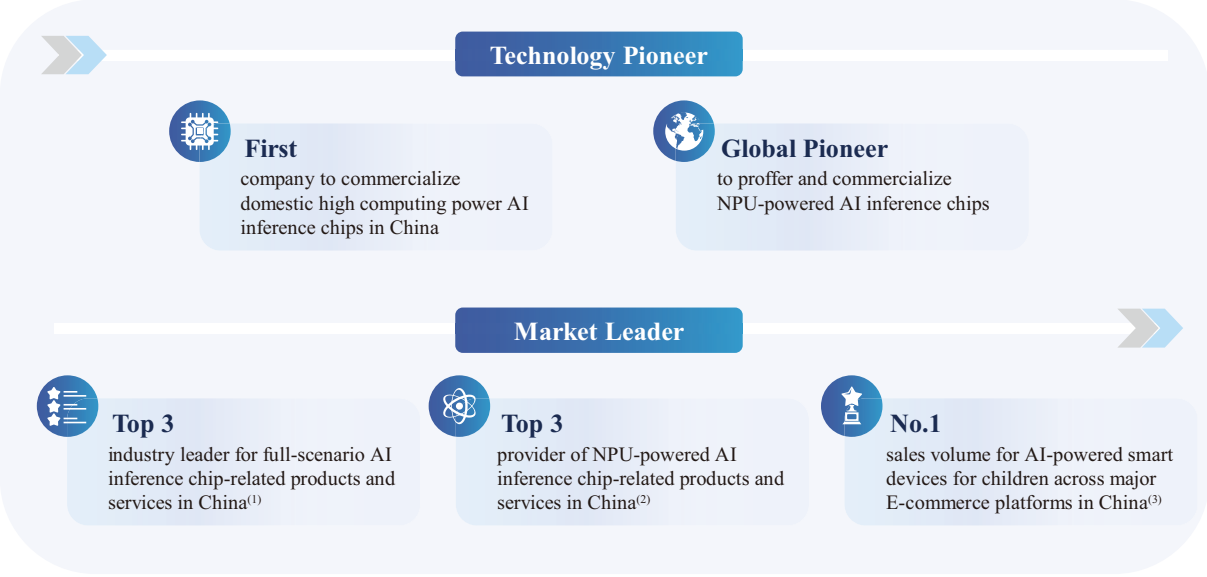
(2) Our market share in the relevant market was approximately 1.1% in 2025.

Our *IFIC* infrastructure streamlines the AI inference chip development process from algorithm analysis and instruction set design to chip architecture and toolchain development, leveraging its algorithm-to-silicon capability. Based on our *IFIC* infrastructure, we developed our NPU product *Nova*, a neural processing architecture optimized for efficient AI inference computation. Building upon *Nova*, we launched AI inference chips to be applied at terminal-edge-cloud deployment with scalable computing power, including major products *DeepEye* and *DeepEdge*, and major product candidates *DeepVerse* and *DeepXBot*. Our *Hy*^{3}*CAN* serves as the hardware enabling tool, providing unified programming interfaces to activate our chips. Our *IFIE* serves as a software development toolkit, providing home-grown development environment for large model applications and AI inference deployment. Leveraging *IFIC* infrastructure, *Hy*^{3}*CAN* and *IFIE*, we developed our *IFMind* large model for visual, textual and linguistic analysis.

We deploy our products and services to enterprise-, consumer-, and industry-class scenarios, where real-world deployments generate feedback for algorithm refinement and help optimize chip architecture for actual workloads. This virtuous cycle creates a flywheel effect that compounds with each deployment, boosting R&D efficiency and driving continuous innovation and commercial expansion to capitalize the growing market demand. Specifically, our products and services include primarily (1) sales of AI inference chips, and computing power services and IP licensing services utilizing our AI inference chips and *Nova* NPU IP for enterprise customers, (2) consumer-class products and (3) industry-class software-hardware integrated solutions leveraging visual analysis and inference capability of our *IFMind* large model. We launched our computing power services in April 2023. We plan to expand the enterprise-class scenarios by (1) delivering high-efficiency computing power services for robotics, autonomous vehicles, drones, and intelligent transportation scenarios at the edge level, (2) expanding the application of our AI inference chips in smart devices at the terminal level, and (3) deploying large-scale heterogeneous computing clusters powered by our *IFMind* large model and AI inference chips at the cloud level.

Our products and services enable customers to meet diverse AI needs. For instance, our enterprise customers may customize and embed our AI inference chips into robots, servers, and edge devices to power scenario-specific applications. They may deploy our *IFMind* large model for tasks such as audio transcription and processing, purchase computing power services for model training and inference, or license our *Nova* NPU IP to design their own AI-powered chips. For consumer-class scenario, smart device manufacturers may incorporate our AI inference chips and *IFMind* large model to enable responsive voice and gesture recognition in their products, delivering a superior user experience at a highly competitive price. For industry-class scenario, public transportation operators may implement our smart traffic management solution powered by our AI inference chips and *IFMind* large model for AI-driven route optimization, dynamic scheduling, and intelligent operations planning.

The following diagram illustrates our achievements.



Sources: *CIC Report*

(1) In terms of revenue in relation to AI inference chip-related products and services from the Chinese market in 2025.

(2) In terms of revenue in relation to NPU-powered AI inference chip-related products and services from the Chinese market in 2025, excluding smart devices for the consumer-class scenario.

(3) In terms of sales volume of relevant categories of smart devices for children on major e-commerce platforms in China, according to the Tmall ranking data as of January 27, 2026.

Our Market Opportunity

The rapid advancement of AI, big data, and cloud computing is driving a sweeping wave of intelligent transformation, fundamentally reshaping production models and competitive landscapes across industries. AI is increasingly solving real-world problems in sectors such as transportation, internet search, and manufacturing, thereby accelerating the intelligent transformation of society.

AI has progressed from iterative algorithmic improvements to robust advancements in computing infrastructure, according to the CIC Report. We believe this evolution is moving towards an NPU-powered AI inference computing, where cost-efficient, specialized inference chips serve as the foundation for scalable AI deployment. China's AI inference chip-related products and services industry has experienced explosive growth, expanding from RMB19.3 billion in 2021 to RMB305.0 billion in 2025, at a CAGR of 99.4%, and is expected to reach RMB2,109.7 billion by 2030, at a CAGR of 47.2% from 2025 to 2030, according to the CIC Report.

AI inference chips empower diverse application scenarios. Demand is rising among cloud service providers, AI companies, telecoms operators, and electronics manufacturers seeking localized high-performance inference computing power. AI and large models are also redefining smart devices for consumer electronics sector. Large models are now catalyzing two parallel hardware evolution pathways, including (1) AI-native products, which are entirely new product categories born from rapid AI advancements, and (2) AI-empowered products driven by the enhancement of existing products through AI capability integration. Meanwhile, large-scale smart infrastructure projects including smart public transportation, smart urban management, smart industrial park, and smart emergency response, are upgrading their computing capabilities, creating new deployment opportunities for AI inference chips.

China's AI inference chip-related products and services industry and its NPU sub-segment are dominated by two market leaders. Specifically, the top two players in China's AI inference chip-related products and services industry collectively controlled nearly 80% of the total market share in 2025, while a sole leader commanded approximately 82% of the NPU sub-segment market share in the same year. To compete effectively with such leading players, we plan to carry out a competitive strategy with four key pillars. First, we plan to continue to focus exclusively on AI inference, the process of running AI models, rather than the resource-intensive training phase conducted by large labs. Second, we aim to secure a dominant position within specific verticals or through strategic partnerships with leading industry players. Third, we intend to leverage the growing trend among large enterprises to diversify their computing power supply chains by positioning ourselves as the preferred alternative supplier. Finally, we plan to employ a flexible sales model, offering our AI inference chips and other products or services separately to accommodate hyperscale customers who prefer to design their in-house racks, where hyperscale customers may eliminate brand-name markups and optimize component selection to significantly reduce both acquisition and operating costs. We believe our competitive strategy would allow us to enhance our market position where technological superiority and specialized value outweigh scale advantages held by larger incumbents.

Our Products and Services

We aspire to make AI more accessible through high-performance, cost-efficient, and adaptable inference chips to serve enterprise, consumer, and industry applications. Leveraging the algorithm-to-silicon capability, our *IFIC* infrastructure covers the entire AI inference chip development process spanning algorithm analysis, instruction set definition, chip architecture design, and toolchain development. Our *IFIC* infrastructure ensures optimal efficiency and scenario-specific adaptability, supported by integrated toolchain development.

Deploying our products and services across enterprise, consumer, and industry sectors creates a feedback loop that refines algorithms and optimizes chip architecture for real workloads. Utilizing our *IFIC* infrastructure, we developed our *DeepEdge* series inference chips incorporating innovative die-to-die chiplet, or D2D chiplet technology, and chip-to-chip mesh torus interconnect, or C2C mesh torus interconnect technology, creating a modular *AI Computation Blocks* architecture which delivers cost-efficient computing power with exceptional flexibility.

We offer a comprehensive suite of AI inference chip-related products and services spanning terminal-edge-cloud dimensions. Leveraging our proprietary chip designs and core algorithms, we serve three primary application scenarios:

- *Enterprise-class scenario*. We primarily provide AI inference chips and related products, computing power services, and IP licensing services, which serve enterprises in application scenarios including primarily SoC development, large model services, and service robots.

- *Consumer-class scenario*. We develop and provide AI-native products primarily directly to end consumers, primarily including *Dr. LookAi Learning Camera*, AI glasses, *Dr. LookAi Companion Dog*, and AI inference chips for AI home hub devices, which are new product categories born from rapid AI advancements. Recognizing that AI and large models will redefine smart devices, we also utilize the inference capability of our *IFMind* large model to enhance consumer electronics and wearables through providing modules to enterprise customers who then integrate our modules to electronics and wearables and sell to end consumers. We provide modules for various electronics and wearables such as AI earbuds and AI watches, as AI-empowered products.

- *Industry-class scenario*. Leveraging the capability of our *IFMind* large model, *Nova* and AI inference chips, we provide software-hardware integrated solution to address the comprehensive needs in smart public transportation, smart urban management, smart industrial park, and smart emergency response operations, combining our specialized products with powerful AI capability to solve complex real-world challenges.

The following table set forth a summary of the business model of our three application scenarios.

	Enterprise-class Scenario	Consumer-class Scenario	Industry-class Scenario
Product and Service Offerings	• AI inference chips and related products • Computing power services • NPU IP licensing services	• AI-native products, including primarily *Dr. LookAi Learning Camera*, AI glasses, AI Home Hub, and *Dr. LookAi Companion Dog* • AI-empowered products, including primarily modules for AI earbuds and AI watch	• Tailored software-hardware integrated products and services, such as smart public transportation application and smart urban management application
Core Expertise and Technologies	NPU-centric AI inference chip design	AI product design and validation	Application-specific AI algorithm integration, solution design, and deployment using self-developed chips and hardware
Customer Type	• AI companies • Internet companies • Cloud service providers • Telecoms operators	• End consumers for AI-native products, except for AI home hub devices, which are targeted at enterprise customers in the smart security lifestyle sector • Smart device manufacturers for AI-empowered products	• System integrators • Public sector customers, such as urban management departments, public transportation operators, and commercial park operators
Pricing Policy	Cost-based pricing with reference to market prices, and also tailored to specific customer requirements	Cost-based pricing with reference to market prices	Custom-tailored pricing for each project, based on specific customer requirements

Our R&D Capability

Robust R&D capability is instrumental to our market leadership. We remain steadfast in building an AI R&D system centered around NPUs and algorithm-to-silicon capability. As of the Latest Practicable Date, we had registered 1,193 patents, 272 software copyrights and 650 trademarks. Among all the patents, we owned 949 invention patents as of the same date, covering chip architecture, AI algorithms, system platforms, and development toolchains. As of the Latest Practicable Date, we had 618 R&D personnel, including 102 personnel with more than a decade of chip design experience, some of which are nationally recognized technical experts. Our formidable R&D capability has also enabled us to participate in establishing 48 industry standards for the AI industry in China.

Our R&D capability is also evidenced in our significant R&D initiatives. In 2023, 2024 and 2025, our research and development expenses were RMB294.8 million, RMB399.9 million and RMB445.5 million, respectively, accounting for 58.3%, 43.6% and 33.3% of our total revenue in the same periods, respectively.

Our Financial Performance

We achieved significant growth during the Track Record Period. Our revenue increased by 164.7% from RMB506.0 million in 2023 to RMB1,339.3 million in 2025.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors.

Pioneer in AI Inference Chip with Strong Technological Capability and Formidable Barriers

We are a pioneer in AI inference chips, among the first few global players to proffer the concept of NPU-powered AI inference chips and achieve commercialization . According to the CIC Report, we are a top three industry leader for full-scenario AI inference chip-related products and services in China in terms of the relevant revenue in 2025. We are also a top three provider of NPU-powered AI inference chip-related products and services in China in terms of the relevant revenue in 2025, according to the same source.

For more than a decade, we have developed our advanced algorithm-to-silicon methodology, establishing an integrated software-hardware capability that creates a self-reinforcing virtuous cycle. We have launched four generations of NPUs and industry-leading AI inference chips which balance high performance with cost efficiency, supporting applications ranging from single small vision models to complex multimodal large models. Our upcoming fifth-generation *Nova 500* represents a significant leap forward, featuring expanded compatibility with diverse AI large model architectures, adaptive instruction sets optimized for different application scenarios, and advanced microarchitecture refinements. These innovations will further strengthen our market position and technological leadership.

We foster a symbiotic relationship where technological innovation and real-world application continuously reinforce each other. Our products and services address demands among cloud service providers, AI companies, telecoms operators, and electronics manufacturers seeking localized high-performance computing power, through hardware adaptation, algorithm optimization, and closed-loop data processing. Our breakthroughs in computer vision, intelligent computing, and AIoT enable cost-effective AI inference chips and solutions to drive digital and intelligent transformation across industries. Such deployments also create a feedback loop that further refines our AI algorithms and chip designs, creating a virtuous cycle between industry needs and technological advancement.

Robust R&D Capabilities Rooted in Algorithm-to-Silicon Methodology with Excellent AI Inference Efficiency

Leveraging the algorithm-to-silicon capability, we established our *IFIC* infrastructure to develop multiple generations of NPUs and AI inference chips spanning algorithm analysis, instruction set definition, chip architecture design, and toolchain development. Our *IFIC* infrastructure ensures optimal efficiency and scenario-specific adaptability, supported by integrated toolchain development. We pioneered the innovative *AI Computation Blocks* architecture with fully domestic supply chain and advanced manufacturing process. This technological breakthrough enables modular integration of standard computing units, which can be assembled like building blocks, into customizable chips and scalable multi-chip interconnected systems to produce chips of varying computational specifications in a single tape-out. Through iterative simulation of D2D chiplet and C2C mesh torus interconnect technologies, we also developed a multidimensional scalable architecture that delivers efficient inference, achieving large-scale computing expansion, bandwidth enhancement, and latency reduction with domestic semiconductor process.

Utilizing our *IFIC* infrastructure, we developed our *DeepEdge* series inference chips incorporating our *AI Computation Blocks* architecture. Our *DeepEdge10* series can support 8T to 128T of computing power of individual chips for Transformer-based Models with efficient inference processing. We also developed our *Near-memory Hyper-converged Architecture*, an integrated compute-in-memory design that addresses real-time large model parameter loading requirements, significantly improving AI inference chip efficiency. Unlike traditional split architectures, we vertically integrate memory and

computing units to enable direct data flow within 3D-stacked structures and eliminate the bandwidth constraints of conventional interconnects, achieving TB-level on-chip bandwidth and sub-nanosecond latency, reducing data movement energy consumption.

We created a self-reinforcing ecosystem where real-world deployments generate actionable insights that refine our algorithms. This in turn inspires optimized chip architectures to unlock new application scenarios and create a compounding flywheel effect where each implementation cycle enhances our technological capabilities, thereby driving exponential improvements in both R&D efficiency and commercial scalability.

As of the Latest Practicable Date, we had registered 1,193 patents, 272 software copyrights and 650 trademarks. Among all the patents, we owned 949 invention patents as of the same date, covering chip architecture, AI algorithms, system platforms, and development toolchains. Our triple recognition with the prestigious Wu Wenjun Award for Artificial Intelligence in 2018, 2020 and 2022, marking us the only company honored for a full house of algorithms, chips, and applications, demonstrating our full-stack innovation capability from research to commercialization.

Multi-Scenario Adaptability with Agile Market-Driven Productization

Our core strength lies in both our solid technical foundation and acute market responsiveness. Leveraging our *IFIC* infrastructure, R&D capabilities in AI inference chips and algorithm, and deep market insight, we can quickly identify shifting market demands and translate them into market-ready products and services addressing customer pain points. Specifically, we are able to efficiently and flexibly disassemble, recombine and reconfigure our existing technologies and modules to adapt to new use cases and scenarios and launch products. This combination of technical flexibility and market awareness creates a unique competitive edge, allowing us to seize opportunities faster than conventional players.

Specifically, we offer flexible deployment and dynamic optimization tailored to specific scenario requirements, enabling low-cost technology migration across different applications spanning terminal, edge and cloud. For instance, in the industry-class scenario, initial solutions relied primarily on cloud-based algorithmic processing, which incurred high data transmission, storage, and computational costs. Our terminal-edge-cloud architecture addresses this by distributing computing power across devices at each level, with terminal devices performing initial processing, edge nodes handling intermediate tasks, and the cloud devices managing complex and systematic computations. This collaborative approach reduces reliance on expensive cloud resources, cuts transmission costs, and lowers overall hardware expenditures. By decoupling algorithmic models into modular components and leveraging heterogeneous devices, the system enables scalable, cost-effective deployment adapted to diverse operational scenarios.

Specifically, at the terminal level, recognizing that AI and large models will redefine smart devices, we employ terminal-cloud collaboration to bring the inference capability of our *IFMind* large model to consumer electronics, including intelligent wearables, such as AI earbuds and AI watches, and learning devices, such as our *Dr. LookAi Learning Camera*. At the edge level, our edge devices enhance the capabilities of our customers' terminal devices to reduce costs, saving cloud computing, storage and bandwidth resources, while boosting efficiency and ensuring data privacy. By decentralizing AI computing, caching, and protocol conversion from the cloud to the local edge, these devices allow terminals to maintain minimal hardware dedicated solely to raw data collection. The edge performs real-time analysis, compression, filtering, and encryption, converting high-volume raw data into low-bandwidth structured outputs for on-demand transmission. This significantly reduces cloud resource demands, eliminates the need for terminal upgrades, and accelerates service response times exponentially. At the cloud level, our *IFMind* large model and inference servers deliver reliable, high-efficiency computing power services to meet diverse customer needs.

We drive AI adoption across industries with our cost-optimized products and services. Empowered by our proprietary NPUs, we deliver scenario-customized performance through tailored hardware design, maximizing computing efficiency while eliminating resource redundancy and energy waste. We are continuously expanding the frontier of AI inference chip-related products and services, by strategically expanded into emerging fields, such as embodied intelligence, low-altitude economy, and smart learning.

Strong Brand Equity Backed by Strategic Partnerships and Deployment Experience

As a market leader, we have deep expertise in scenario-specific applications and a proven ability to execute large-scale deployments. We maintain strategic partnerships with blue-chip customers across critical sectors, including all the top three of China's telecoms operators and leading consumer electronics brands with global market presence. Our competitive advantage stems from high-efficiency AI inference chips, intelligent computing power services, and products and services adapted to application scenarios, which have enabled us to secure long-term cooperation with domestic internet giants to support their core computing needs.

Through our integrated approach combining proprietary AI inference chip with intelligent computing power services, we have developed various partnerships that extend beyond transactional relationships. Our proprietary AI algorithms form the technological backbone for next-generation intelligent wearables and smart devices. This technological leadership is further reinforced through collaborations with prestigious research institutions and industry leaders, where we contribute to the development of industry standards, thereby continuously enhancing our brand equity and market position.

We have cultivated strong brand equity through the combination of technological innovation with large-scale commercialization. Our long-term contracts supporting major internet platforms provide stable revenue visibility. These contracts are typically AI training and inference computing service contracts for a term of up to three years, in which we provide a combined AI training and inference computing capacity. These factors, combined with our participation in standard-setting initiatives, position us for continued growth as a trusted partner in China's intelligent computing ecosystem, further driving technological innovation in the NPU-powered AI inference computing era.

Early-mover Harnessing China's AI Potential with Secure, Domestic Supply Chain

Capitalizing on the expansive and rapidly growing AI industry in China, exemplified by China's AI inference chip-related products and services industry expending from RMB19.3 billion in 2021 to RMB305.0 billion in 2025 at a CAGR of 99.4%, we have solidified our position as a preeminent domestic player in developing and commercializing AI inference chip through three key strategic factors. Our competitive edge stems from long-standing dedication to addressing China-specific market demands and our technical adaptability across diverse AI application scenarios spanning terminal-edge-cloud deployment. This is further strengthened by our strategic commitment to domestic supply-chain autonomy, ensuring both innovation and resilience. These core competencies, combined with our early-mover advantage in domestic AI inference chip development, have enabled us to secure a leading market position.

Our industry leadership is further demonstrated through our participation in establishing 48 industry standards for AI industry in China. The combination of our proven industry leading position within the domestic AI ecosystem and strategic focus on domestic supply-chain autonomy has positioned us as a preferred provider of reliable, high-performance AI inference chip-related products and services which meet the stringent regulatory and technological standards.

We strategically partner with domestic manufacturers and suppliers for wafer production, packaging manufacturing, substrate production, and mass production testing and have achieved full domestic chip production capacity. Our achievement of full domestic chip production capacity in 2020

through strategic partnerships with local manufacturers secures three key benefits, including cost predictability with long-term efficiency gains, faster responses than international suppliers for urgent orders, and stable product deliveries despite global supply chain volatility. In addition to domestic production, we have also developed technological breakthrough innovations in domestic chip architecture design and process optimization, primarily including D2D chiplet, C2C mesh torus interconnect, and compute-in-memory technologies. These innovations have resulted in enhanced product performance and energy efficiency, establishing a clear competitive advantage against domestic peers.

Visionary Management Team and Experienced R&D Team

Our management team brings together exceptional technical expertise, rich management experience and strategic vision. Dr. Ning Chen, our founder and chief executive officer, is a worldwide rare talent with deep experience in both algorithm development and chip architecture design. With rich work experience at leading global technology companies, Dr. Chen aligns cutting-edge technological advancements with practical commercialization strategies, effectively steering our long-term development. Dr. Chen's selection as one of Shenzhen's "40 Outstanding Individuals" in the 40th anniversary of the Shenzhen Special Economic Zone highlights his distinguished contributions as a pioneer in the AI industry. Dr. Chen has spearheaded the design and development of the indigenous AI inference chips in China, achieving end-to-end innovation from algorithmic breakthroughs to silicon implementation. His entrepreneurial trajectory leverages Shenzhen's dynamic innovation ecosystem, which seamlessly converges academic research, technological development, and industry application.

We have an elite R&D team, with an integrated chip design and algorithm development system guided by senior industry experts, enabling rapid innovation and technological advancements. Our R&D leaders include nationally recognized experts with extensive experience at top technology companies in China, and had dedicated over 25 years on average to the AI industry . They bring deep expertise in chip architecture design and algorithm optimization. As of the Latest Practicable Date, we had 618 R&D personnel, including 102 personnel with more than a decade of chip design experience, some of which are nationally recognized technical experts. Our team also includes industry specialists who drive our growth through market expansion and strategic planning. Our efficient team structure and processes ensure we can consistently deliver cutting-edge products to market.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Continue to Drive Technological Innovation in the NPU-Powered AI Inference Computing Era

We believe that NPUs will become increasingly dominant for in the AI inference computing era. Leveraging the algorithm-to-silicon capability, we are committed to relentless innovation in the AI industry by aligning our R&D efforts with emerging industry trends.

We will further enhance our NPU product *Nova* to deliver more efficient performance. Specifically, we intend to focus on key technology breakthroughs including primarily *Near-memory Hyper-converged Architecture* technology to improve computational efficiency and develop reusable, customizable *Nova* to support more diverse applications ranging from data center deployments to smart devices and IoT equipment.

For the AI inference chips, we will continue to conduct chip tape-out to iterate our AI inference chips, achieve performance breakthrough in next-generation chips, and accelerate commercial deployment for data centers, smart devices, and IoT equipment. Specifically, we plan to develop chip microarchitecture and specialized instruction sets, enhancing algorithm-chip compatibility and computational efficiency. We will develop large-scale AI inference chips through technologies including low-bit compression, compute-in-memory integration, unified processing architecture, ultra-low latency interconnect, adaptive routing, and D2D chiplet and C2C mesh torus interconnect technologies. We also plan to continuously adapt our AI inference chip designs to evolving domestic semiconductor

manufacturing process, ensuring optimal performance and yield for localized production. Leveraging our AI inference chips, we also plan to develop AI inference chip-related products, including primarily *DeepEdge*, and our major product candidates *DeepVerse* and *DeepXBot*. We will also further develop our acceleration cards and hyper-scale computing nodes featuring cutting-edge thermal management and high-speed interfaces to deliver computing resources across various application scenarios.

In addition, we plan to further strengthen our software development capability by enhancing our hardware enabler *Hy*^{3}*CAN* and software platform *IFIE* to develop a comprehensive AI inference toolchain and a software stack to streamline model deployment and optimization. We intend to design custom compilers with runtime environments tailored to our proprietary AI inference chips to accelerate development workflows and enable faster deployment across different applications. We also plan to license-in processor, high-speed interface and multimedia processing technologies to expedite our chip design and development process and shorten our R&D cycle. Furthermore, we plan to procure more R&D equipment to enhance our R&D capabilities to achieve critical technological breakthroughs and expand our technology portfolio. By refining our technology's adaptability to diverse computing needs, we will further optimize our closed-loop system where real-world applications drive iterative improvements in both hardware and algorithms.

Expand Product Portfolio for Critical Terminal-Edge-Cloud Application Scenarios

We are committed to continuously delivering intelligent, user-friendly and accessible AI experience through our products and services, ensuring comprehensive coverage of real-world implementation scenarios with technological innovation.

For the enterprise-class scenario, our product strategy centers on a full-stack approach powered by proprietary chips and algorithms, addressing the terminal-edge-cloud inference needs. At the terminal level, we plan to strengthen collaboration with smart device manufacturers to apply our AI inference chips into their products. At the edge level, we will deliver high-efficiency, power-efficient, and real-time computing power services for robotics, autonomous vehicles, drones, and intelligent transportation through our proprietary chips, modules, servers, and IP licensing products, while continuously pushing for breakthroughs in deployment scale. At the cloud level, leveraging our proprietary *IFMind* large model and AI inference chips and related products, we will deploy large-scale heterogeneous high-performance computing clusters. We are also continuously developing AI inference chips, with the major product candidates including *DeepVerse* primarily with cloud-based large model inference capabilities, and *DeepXBot* primarily for embodied intelligence applications. These products and services will enhance our enterprise customers' model training efficiency and resource utilization while delivering efficient, stable, and secure AI development environment.

For the consumer-class scenario, where AI inference products have particularly rich application potential, we plan to execute a multifaceted growth strategy. Specifically, we plan to enhance our brand value by initiating IP-based operation of our *Dr. LookAi* brand through online and offline marketing to strengthen user engagement and brand communication through content co-creation. We plan to integrate our core technologies, such as large models, with consumer electronics, empowering products such as AI glasses through AI capabilities. We also plan to continuously launch new smart device product categories and explore sales model of hardware with subscription-based contents, integrating our smart device products with relevant contents and services. To steadily enrich our product portfolio, we will continue to deepen technological iteration and cost optimization to enhance our competitive barriers. In addition, we plan to expand into overseas markets by developing multilingual versions of our products and services tailored for international customers.

Enhance Upstream and Downstream Collaboration to Integrate Industry Resources

We believe the AI industry is at a critical juncture, transitioning from large model technology exploration to widespread application. We will strengthen in-depth collaboration across the upstream and downstream sectors to enhance our industry position and foster a mutually beneficial ecosystem.

For upstream suppliers, we have already established a strong domestic supply chain. Going forward, we will maintain close collaboration with domestic suppliers to ensure production capacity while sustaining our leading edge in localized supply chain technologies. Specifically, we will further strengthen partnerships with leading server manufacturers to secure mature off-the-shelf product supplies and enhance our industry recognition.

For downstream customers, we provide intelligent computing power services to leading cloud service providers, AI companies, and telecoms operators. Going forward, we will continue expanding our customer base to meet growing demand for domestic inference computing, increase product penetration, and maintain our leadership in domestic ecosystem compatibility. Leveraging our existing customer base, we will deepen collaboration with relevant partners in technology, R&D, and scenario innovation to explore further business opportunities, achieving synergistic business growth.

Expand Omni-Channel Sales Network to Augment Our Market Share

We plan to strengthen our sales and marketing capabilities with both offline and online channels. We will participate in or sponsor activities such as industry exhibitions, product launches, professional forums, and targeted sponsorships to amplify our brand visibility. We will also leverage online campaigns partnering with leading social media platforms and KOLs to boost consumer awareness and adoption of our products and services.

By combining offline and online marketing activities, we aim to create a cohesive presence that maximizes reach and engagement. Our offline efforts will focus on direct audience interaction and credibility-building, while our online initiatives will prioritize scalable, measurable campaigns to drive conversions. Together, these strategies will solidify our market position and accelerate revenue growth.

Attract, Retain and Cultivate Talents to Propel Future Growth

We believe that seasoned and committed professionals, as the fundamental engine of AI industry, are crucial for bolstering our R&D and ensuring sustainable development in the future. As an R&D-centric organization, we prioritize a holistic talent strategy encompassing recruitment, retention, and development to maintain our competitive edge. We plan to combine talent acquisition with long-term capability building. Specifically, we plan to recruit and train more R&D talents that specialize in AI inference chip, strengthen the incentives to maintain the stability of our employees while building talent pipelines through partnerships with universities and research institutions, and establish a comprehensive employee development system and provide robust support for technological innovation.

We will offer competitive compensation packages and continuous training and learning opportunities for professional growth to retain and attract talents. Specifically, we will expand our equity-based incentive mechanisms to attract and retain talent. We are also dedicated to investing in employee professional development to enhance their skills and prepare them for future challenges. We plan to offer training programs, workshops, and seminars to keep our employees updated with the latest industry trends and technologies.

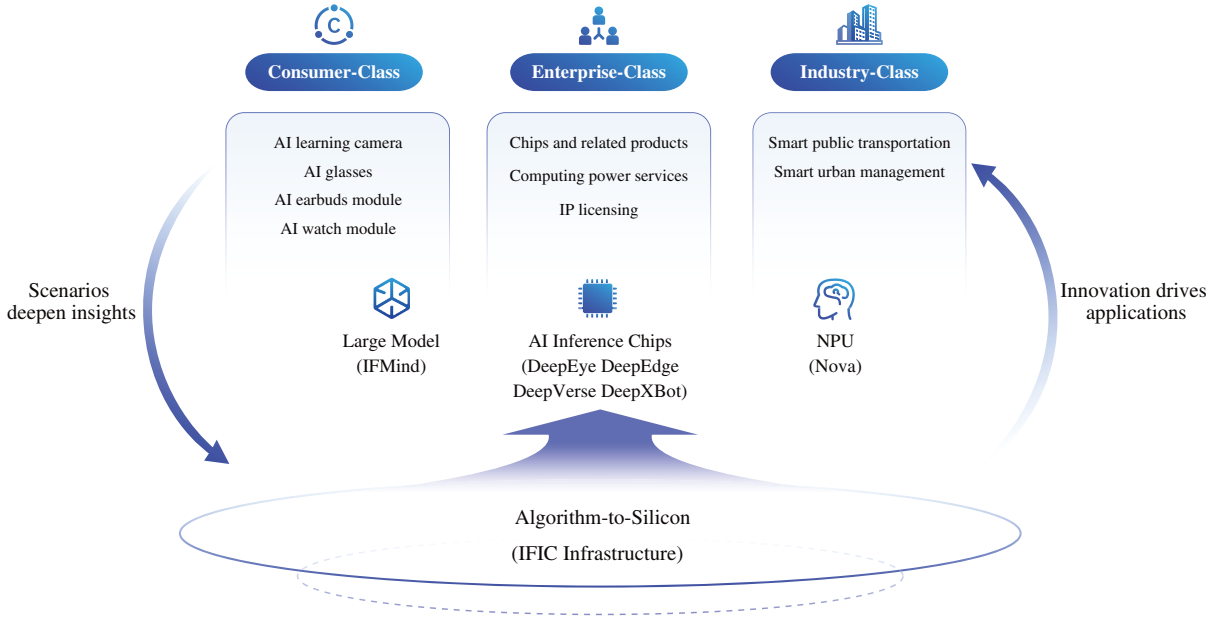
Selectively Pursue Strategic Collaboration, Investment and Acquisition Opportunities

Alongside the acquisition of D-infuture Tech in April 2024, we entered into the intelligent wearables market for AI-powered consumer electronics. Our strategic investments in leading companies in AI glasses, smart parking, holographic intersections, smart construction sites, and service robots have further solidified our AI ecosystem. In the future, we will deepen collaboration with our investee companies in algorithm empowerment, chip support, and computing power services. When the appropriate opportunity arises, we will leverage capital markets to advance our strategy through mergers, acquisitions and investments, achieving synergistic growth in a mutually beneficial ecosystem.

We intend to selectively identify and rigorously evaluate complementary target companies for strategic investments or acquisitions via majority or minority stakes. For instance, we plan to invest in or acquire downstream targets to enable more cross-scenario deployment of our AI inference chips, further enriching our deployment experience. We expect such investments or acquisitions to further advance our AI-centric long-term growth strategy by enhancing our technological capabilities, expanding our product portfolio, broadening our customer base, and enriching our business partner ecosystem. When assessing potential targets, we will evaluate key factors including historical operational and financial performance, technological synergies with us, growth potential, strategic alignment with us, customer networks, management teams, and valuation. As of the Latest Practicable Date, we had not identified any investment or acquisition target or entered into any definitive investment or acquisition agreement.

OUR BUSINESS MODEL

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 algorithm 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. We have achieved a closed-loop system, from building AI inference infrastructure to product design, development, and commercial deployment, ensuring seamless adoption across diverse industries. The following diagram is a simplified illustration of our business model.



Our platform comprises the following three levels:

- *Infrastructure level*. At the infrastructure level, with years of R&D efforts, we have built our *IFIC* infrastructure, which features algorithm-to-silicon capability which employs the co-designed instruction sets, chip architectures and toolchains to produce optimized chips delivering high efficiency for multi-scenario deployments.

- *Engine level*. At the engine level, leveraging the algorithm-to-silicon capability of our *IFIC* infrastructure, we developed (1) our NPU product *Nova*, (2) AI inference chips, including major products *DeepEye* and *DeepEdge*, major product candidates *DeepVerse* and *DeepXBot*,

and our hardware enabler *Hy³CAN* and software platform *IFIE*, supporting function of the the AI inference chips, and (3) our *IFMind* large model, forming the basis for our products and services.

- *Application level*. At application level, we deploy our products and services to enterprise-, consumer-, and industry-class scenarios.

OUR TECHNOLOGICAL PHILOSOPHY

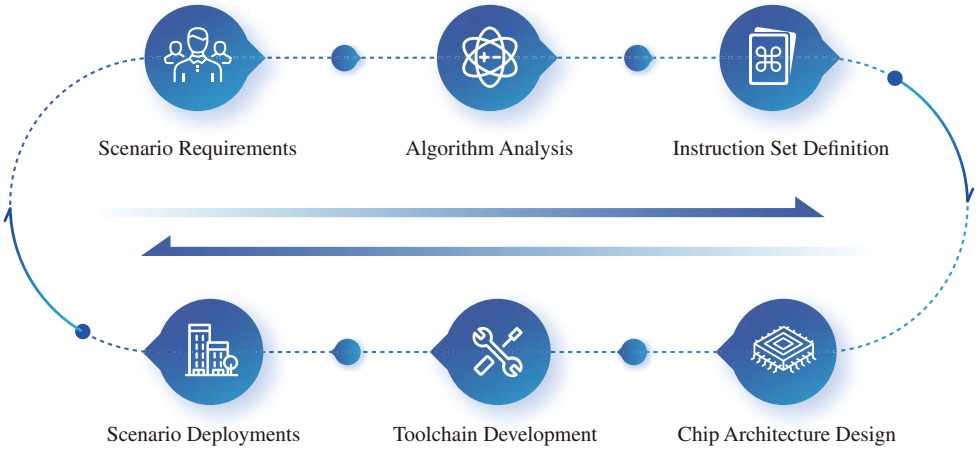
Our AI capability is rooted in our comprehensive expertise across infrastructure and large model and NPU-powered AI inference chips, enabling powerful, cost-efficient AI applications for diverse scenarios. We established the algorithm-to-silicon methodology as our technical bedrock, where advanced algorithms are transformed into efficient AI inference chips.

We believe that NPU is at the core of the future of AI inference. According to the CIC Report, NPU revolutionizes AI inference through specialized architectures that natively accelerate tensor operations, low-precision mathematics, and parallel processing, delivering breakthroughs in latency, power efficiency, computational density, and cost-effectiveness. Commercializing NPU-powered AI inference chips, we turn algorithmic breakthroughs into scalable chip advantage underlying our products and services.

The widespread adoption of our products and services in various application scenarios creates a powerful virtuous cycle where the real-world deployments generate feedback for algorithm refinement and chip architecture optimization for actual workloads. This virtuous cycle creates a flywheel effect that compounds over time as every new deployment enhances our R&D efficiency, which in turn makes future implementations more powerful and cost-effective. Through this closed-loop learning and refining architecture, the flywheel boosts our R&D efficiency and drives continuous innovation and commercial expansion to capitalize on the growing market demand.

OUR IFIC INFRASTRUCTURE AND CAPABILITIES (天芯)

With years of dedication and extensive experience in instruction set architecture ("ISA") and full-cycle architecture design, we have established our *IFIC* infrastructure to support a comprehensive design and development procedure for AI inference chips spanning algorithm analysis, instruction set design, chip architecture and toolchain development. *IFIC* serves as the fundamental infrastructure of our technology stack. Leveraging this foundation and our profound understanding of the AI algorithm characteristics and the computational demands of various application scenarios, we achieved algorithm-to-silicon methodology through the co-design of customized instruction sets, processor architecture and toolchain, enhancing the efficiency and scenario adaptability of our chip development platform. Leveraging the algorithm-to-silicon capability, our *IFIC* infrastructure covers the entire AI inference chip development process spanning algorithm analysis, instruction set definition, chip architecture design, and toolchain development. Our *IFIC* infrastructure ensures optimal efficiency and scenario-specific adaptability, supported by integrated toolchain development.



The following sets forth the key features of our *IFIC* infrastructure.

- *High performance.* We extract high-frequency computational patterns from algorithms to guide the co-design of instruction sets, processor architectures, and adaptively coordinated software stacks for high performance R&D.

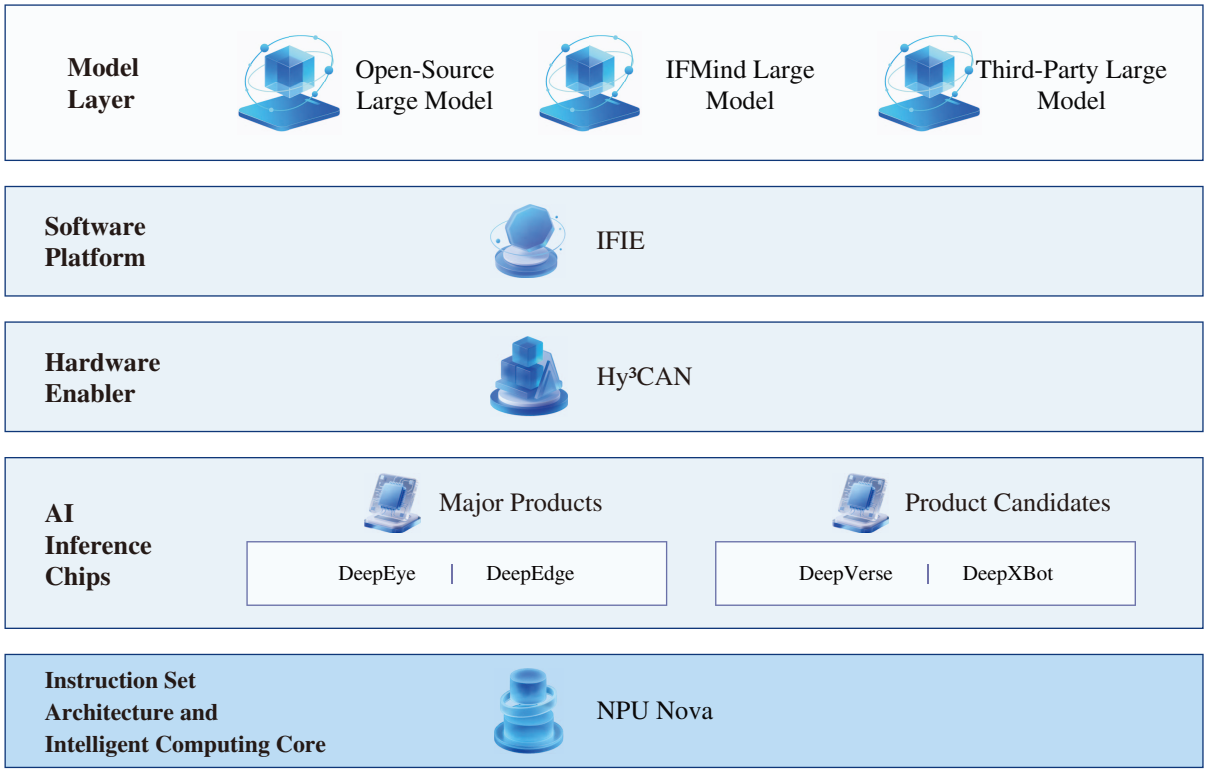
- *Low power consumption and cost efficiency.* We integrate technologies, such as *AI Computation Blocks* and *Near-memory Hyper-converged Architecture*, and eliminate hardware units irrelevant to the target algorithm, reducing power consumption and chip area, significantly enhancing scenario adaptability and cost efficiency.

- *High efficiency in research and design.* By embedding algorithms into chip design, our platform enables high-efficiency R&D. Core processing methods are solidified through hardware implementation, allowing for rapid adaptation across diverse application scenarios. This chip-based approach not only accelerates iteration cycles but also ensures consistent performance and scalability.

- *Flexible adaptation across multiple scenarios.* Through chip development, we are building up a platform foundation that accelerates and streamlines future chip design. This platform-based accumulation enables us to develop chips more efficiently and support a broader range of application scenarios.

OUR KEY ENGINES

Leveraging the algorithm-to-silicon capability of our *IFIC* infrastructure, we developed (1) our NPU product *Nova*, (2) our AI inference chips, including major products *DeepEye* and *DeepEdge*, major product candidates *DeepVerse* and *DeepXBot*, and our hardware enabler *Hy*^{3}*CAN* and software platform *IFIE*, supporting function of the AI inference chips, and (3) our *IFMind* large model, forming the basis for our products and services. We built *Nova* on our *IFIC* infrastructure to deliver high-performance, power-efficient inference computation across terminal, edge and cloud environment. Building upon *Nova*, we launched AI inference chips to be applied at terminal-edge-cloud deployment with scalable computing power. Our *Hy*^{3}*CAN* serves as the hardware enabling tool, providing unified programming interfaces to activate our chips. *IFIE* serves as a software development toolkit, providing home-grown development environment for large model applications and AI inference deployment. Leveraging *Hy*^{3}*CAN* and *IFIE*, our *IFMind* large model is capable of visual, textual and linguistic analysis.



Our NPU product—*Nova* (天星)

We believe the AI industry is moving towards an NPU-powered AI inference computing, where cost-efficient, specialized inference chips serve as the foundation for scalable AI deployment. As an implementation of the NPU technology roadmap, we have defined an ISA optimized for deep learning neural network algorithms. The processors built upon this AI-specific ISA are designated as NPU. Our NPU product, *Nova*, is architected to address both terminal, edge and cloud inference scenarios through differentiated design strategies. On the edge side, the NPU focuses on delivering foundational AI capabilities to offer low latency, high privacy, and flexible deployment, making it ideal for real-time, secure, and scenario-specific AI inference across diverse environments. It emphasizes overall performance, power and area by maintaining scalability and flexibility while minimizing power consumption and silicon footprint, suitable for lightweight, scenario-specific applications. On the cloud-scale side, the NPU is designed with a broader set of considerations, including computational paradigms, memory architecture, interconnect strategies, reliability, and deployment models. This design approach emphasizes vertical integration across hardware, software, and application scenarios to strike a balance between physical constraints and the intensive parallel computing demands of large-scale AI models.

	2015-2017	2018	2020	2022	2025
Nova (NPU IP)	Nova 100 (0.5～8T)	Nova 200 (1～16T)	Nova 300 (2～32T)	Nova 400 (8～128T)	Nova 500 (16～512T)
Instruction Set(1)	ISA V1.0 Inference	ISA V2.0 Inference	ISA V2.1 Inference	ISA V3.0 Inference with Training Support	ISA V4.0 Inference with Training Support
Neural Network Architecture Types(2)	CNN	CNN/RNN	CNN/RNN/LSTM	CNN/RNN/LSTM /Transformer	Optimization for Trillion-Parameter Models

(1) ISA is a core feature of *Nova*. From ISA V1.0 to ISA V4.0, the architecture has evolved significantly, enhancing support for a broader range of models and computing power.

(2) *Nova* optimizes the ISA structure and supports broader categories of neural network architecture. Neural network architecture types are a key indicator of NPU's ability to support mainstream AI algorithms. Common neural network architectures include CNNs for image recognition, RNNs and LSTMs for sequential data such as speech and text, and transformers, which are optimized for large-scale models with billions of parameters.

We have completed the R&D of the fourth-generation NPU and are currently advancing the next-generation high-performance NPU. The NPU architecture is specifically optimized for matrix arithmetic operations, or multiply-accumulate operation, through a unified design that integrates scalar processing units, vector processing units, and tensor processing units. By implementing highly concurrent parallel pipelining, the architecture enables efficient execution of complex AI workloads, significantly enhancing computational throughput and deployment efficiency across diverse application scenarios.

The following sets forth the key features of *Nova*.

- *More suitable for AI inference application*. NPUs are purpose-built for AI inference, featuring native support for tensor operations, low-precision quantization, and large-scale parallel processing. This architecture-specialized chips achieve unprecedented improvements, enabling real-time inference, maximizing throughput per watt and expanding deployment to edge devices and terminals. These chips can accommodate stronger computing performance and facilitate broader and more sustainable adoption across diverse application scenarios. Through hardware-software co-design, NPUs achieve algorithmic-aware optimization, transforming AI inference from a functional capability to a scalable, cost-effective, and production-ready solution.

- *Custom heterogeneous ISA*. A custom heterogeneous ISA, along with a multi-level profile ISA, is designed to support the diverse computational requirements of various AI models, including CNNs, RNNs, LSTMs, and LLMs across terminal, edge and cloud application scenarios.

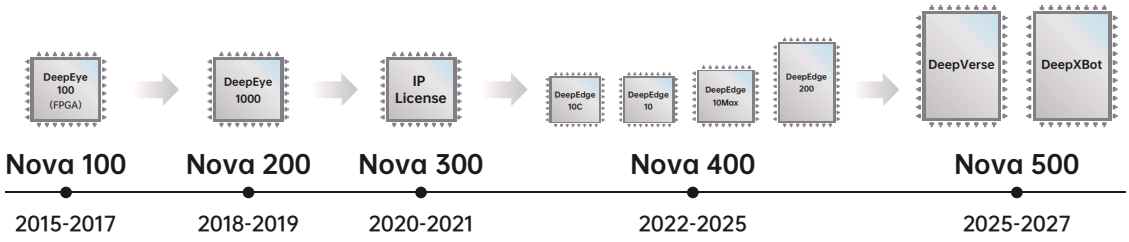
- *ASIP-LSF processor microarchitecture*. Flexible, scalable and highly efficient ASIP-LSF processor microarchitecture addresses the parallel computing and communication demands of various AI models. It supports a four-level scalable architecture, from single-core, multi-core, multi-die to multi-chip configurations, enabling seamless adaptation to diverse application scenarios.

- *Computational paradigms adaption*. Through multi-precision fusion and multi-dimensional reconfigurable compute array, the architecture efficiently adapts to a wide range of computational paradigms, enabling high-performance execution across diverse AI workloads.

- *Flexible programmability*. With distributed toolchain and software stack, supporting a wide range of mainstream deep learning frameworks, offering flexible programmability at both the model and operator levels.

Our AI Inference Chips

Leveraging the algorithm-to-silicon methodology, we have designed our AI inference chips for AI inference computation. They offer flexible support for various algorithmic frameworks with high performance, low power consumption, and substantial cost efficiency. During the Track Record Period, we primarily offered *DeepEye* series and *DeepEdge* series as two major categories of our AI inference chips.



DeepEye (深目)

In 2018, we taped out our self-developed first-generation AI inference chip, *DeepEye1000*. It defines highly efficient and flexible NPU instruction set, processor architecture, and toolchain, while maintaining compatibility with mainstream algorithm. *DeepEye1000* is designed for embedded front-end and edge computing applications. Integrated to the terminal and edge devices, it enables structured video data processing, reducing network bandwidth demands, enhancing data processing quality and efficiency, and lowering backend processing costs. *DeepEye1000* has been rewarded the "Best Technology Innovation Award" (中國芯片最佳技術創新獎) by 2018 China Industry Informatization Integration Development Forum (2018中國行業信息化融合發展論壇).

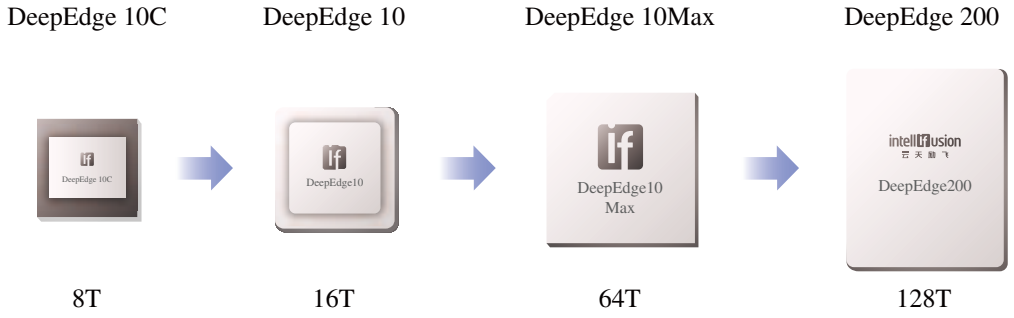
DeepEye chips use application-specific instruction processor design approach to achieve instruction-set-level programming flexibility, ensuring backward compatibility for algorithm iterations. At the same time, it has developed an efficient and reconfigurable parallel computing array tailored to the characteristics of deep learning AI algorithms, delivering application-specific integrated circuit level performance and low power consumption for AI workloads. *DeepEye* integrates visual AI algorithms and dedicated AI chips, enabling deployment of intelligent products such as smart IP cameras, smart industrial inspection and service robots. We offer a complete design toolchain, including processor compilers, quantization tools, quantization-aware training, and software development kit to lower the threshold for chip productization and support customers in deploying AI algorithms efficiently.

DeepEdge (深界)

Leveraging our self-developed *Nova 400* and home-grown, advanced domestic manufacturing processes, we developed *DeepEdge10* series chips. The *DeepEdge10* series chips adopt the *AI Computation Blocks* design, leveraging D2D chiplet and C2C mesh torus interconnect technologies. The *DeepEdge10* series standard computing units can be modularly integrated like building blocks, enabling the construction of interconnected, scalable multi-chip computing systems through the packaging of chips with varying computing power. *DeepEdge10* series could support computing needs in individual chips from 8T to 128T.

DeepEdge10 series chips are purpose-built, highly integrated AI inference chips, delivering high performance and ultra-low power consumption with high efficiency AI inference capabilities. Designed for versatile AI applications, they are deployed across a wide range of intelligent scenarios, including edge AI devices, AI inference servers and smart robots. *DeepEdge10* series chips integrate the 4th

generation self-developed 400T NPU and octa-core 64-bit general purpose processor, supporting 16 TOPS computing power for deep learning inference tasks and the demanding computational requirements for complex control and scheduling tasks in edge devices.



(1) 8T, 16T, 64T, and 128T refer to the computing power of individual *DeepEdge10* series chips. Leveraging the *AI Computation Blocks* architecture, we can scale the computing power in a flexible and cost-efficient manner.

Our Chip Candidates

In addition to the commercialized AI inference chips, we are also developing chip candidates to accommodate diverse application scenarios. Our major chip candidates primarily include *DeepVerse* series and *DeepXBot* series.

DeepVerse (深穹)

Our self-developed *DeepVerse* chip is a series of AI inference chips designed for large model inference application scenarios. The intelligent computing products built on the *DeepVerse* chip include acceleration cards, AI inference servers, AI supernodes and AI clusters, supporting efficient inference and fine-tuning computation for various large models. Through system-level software-hardware co-optimization, these intelligent computing products provide an AI inference computing platform with extreme inference efficiency, building a highly cost-effective AI inference infrastructure.

DeepXBot (深擎)

The deep integration of AI and robotics has become an inevitable trend in the development of the robotics industry. Leveraging our self-developed *DeepEye1000* and *DeepEdge10* series chips, we have built a "robotic brain" computing platform. This platform incorporates a high-performance NPU core and a heterogeneous multi-core architecture, enabling rapid deployment of various robotic algorithms, including visual recognition, speech recognition, and natural language understanding. The platform also achieves a balanced optimization of performance and power consumption, facilitating innovative applications in AI commercial service robots, AI industrial mobile robots, and AI household service robots.

Smart devices will undergo a fundamental shift driven by advancements in AI and large models, especially the application of embodied intelligence algorithms on general-purpose humanoid robots. We are developing a next generation "brain" chip designed to accelerate inference tasks for perception, cognition, decision-making, and control in humanoid robots.

Our Hardware Enabler—Hy^{3}CAN

Hy^{3}CAN is the hardware enabler within our self-developed full-stack system, which is designed to connect AI inference chips to the software platform *IFIE*, fully unlocking the performance of AI inference chips and simplifying application development. As the core foundational software stack for

enabling AI chips, *Hy³CAN* provides a unified programming interface to manage computing, memory, and communication resources, offering robust support for upper-layer frameworks to efficiently access and utilize the AI capabilities.

Our Software Platform—IFIE (天衍)

Our software platform, *IFIE*, is a software development toolkit, providing a development environment for building and deploying large model inference services. It significantly accelerates performance for compute- and storage-intensive large model inference services. The platform is natively compatible with the PyTorch framework and leverages *Hy³CAN* for graph compilation acceleration, considerably improving inference efficiency. It supports mainstream inference engines of large models, for example, vLLM and SGLang, and enables various parallel computing strategies through the smart *Hy³CAN* hardware enabler. The platform enables efficient large model inference across multi-chip and even multi-node environments, supporting scalable deployment with thousands of compute units.

Our Large Model—IFMind (天書)

Leveraging our AI algorithms and models, we developed our large model *IFMind*, encompassing various series of models such as large models and large multimodal models, with integrated visual, textual and linguistic large data for precise text and image recognition and generation. We have officially registered our *IFMind* at the Office of the Central Cyberspace Affairs Commission of the PRC. With the industry leading capabilities of processing image-text understanding and responses to queries, *IFMind* ranked first in authoritative tests C-Eval in 2023, according to the CIC Report.

IFMind facilitates fast deployment of customized services for a variety of scenarios. We currently deploy *IFMind* in application scenarios including smart public transportation, smart urban management, intelligent wearables for consumer electronics, and strategic emerging industries such as smart learning. For instance, we launched an AI-driven learning product, "*Dr. LookAi Learning Camera,*" utilizing large model capabilities of our *IFMind*. See "Business—Our Applications—Consumer-Class Scenario—*Dr. LookAi Learning Camera.*" We also collaborated with other renowned enterprises to jointly develop AI-driven products powered by our *IFMind* large model. For instance, we collaborate with a third-party leading consumer electronics enterprise to integrate our *IFMind* large model to co-develop AI glasses, which can perform object recognition by invoking the *IF Object Recognition Agent* developed through our *IFMind* large model.

The following sets forth the key features of our *IFMind* large model.

- *All-things recognition. IFMind* automatically analyzes video and image data to identify and categorize objects and events. It generates structured, descriptive tags from visual content. Provides deep scene understanding and content extraction.

- *Search by language. IFMind* enables intuitive image retrieval using simple language descriptions. Eliminates the need for complex query or keywords. It significantly lowers the barrier to entry for users.

- *Search by image. IFMind* allows users to quickly find similar objects or information by uploading or dragging local images. It provides an efficient method for identifying people, vehicles, vehicles, or objects within an image.

- *User-driven model training. IFMind* empowers users to directly improve search accuracy for underperforming queries and scenarios and allows rapid model refinement through simple positive or negative sample annotation. It enhances precision for specific search terms and surveillance configurations post-training.

- *Continuous real-time optimization. IFMind* leverages ongoing data feedback loops to automatically enhance model performance. It enables the system to self-learn and adapt dynamically to evolving operational needs.

IF Object Recognition Agent (雲天識物智能體)

Leveraging our *IFMind* large model, we developed an AI agent, *IF Object Recognition Agent*, designed for object recognition. It is capable of accurately identifying a wide range of natural objects, with particular strength in botany recognition. It can precisely recognize numerous types of plants, flowers, vegetables and other botanical objects. Users can also interact with the agent through voice commands to initiate recognition tasks.

OUR APPLICATIONS

We categorize our products and services into three major application scenarios, i.e., the enterprise-, consumer-, and industry-class scenarios, to achieve high-efficiency computing platform for deep integration and effective AI implementation.

Leveraging our AI inference capabilities, we applied our AI inference-related products and services over terminal, edge and cloud deployment. For instance, in a urban bus public transportation scenario, our industry-class solution eliminates the need to fully upload onboard video footage to remote platforms, reducing network bandwidth demands and wireless data costs associated with mass video transmission. Instead, AI-enabled devices installed inside buses perform edge-based analysis of passenger flow information collected from terminal devices at each stop and only transmit the analytical results to the cloud, which then perform more complex tasks such as bus route optimization and vehicle dispatch scheduling. By distributing algorithmic tasks and computing resources across the terminal-edge-cloud continuum, our solution enhances operational efficiency and reduces overall costs.

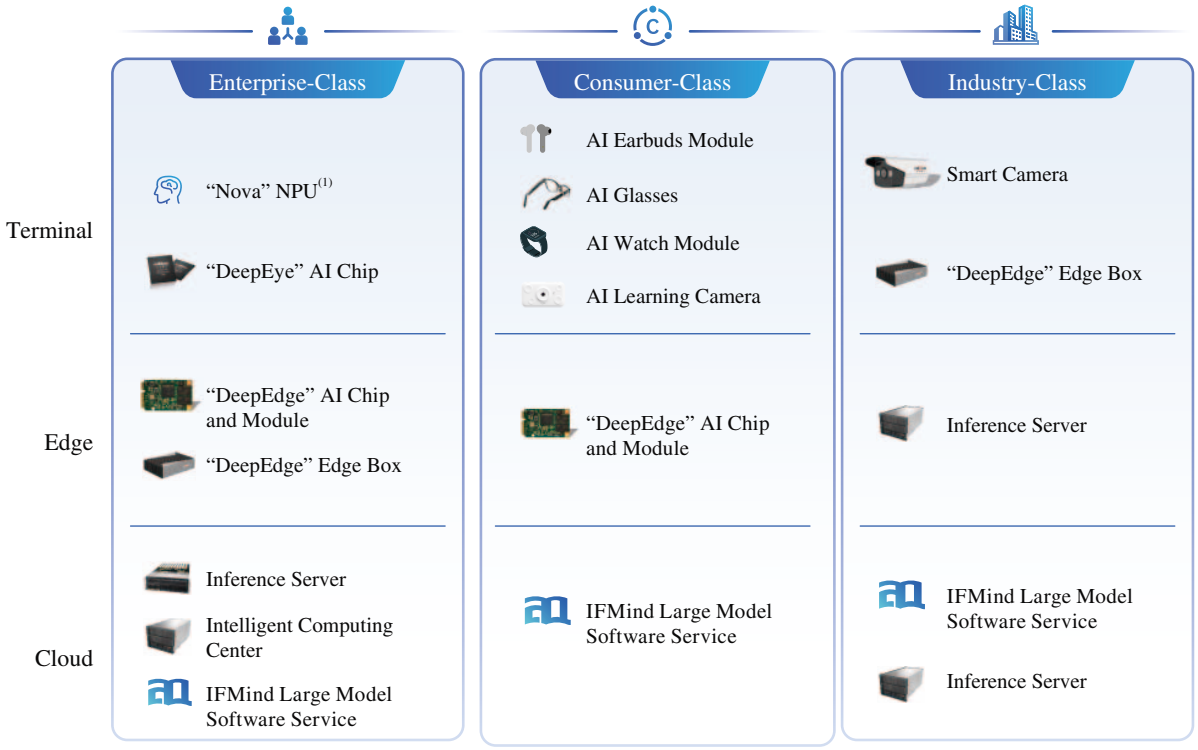
We offer a range of products across terminal, edge and cloud levels, with deployment tailored to specific application scenarios.

- *Enterprise-class Scenario.* We provide AI inference chips for use in terminal devices and *Nova* as licensed NPU IP to meet enterprise customers' computing requirements at the terminal level, as well as modules and edge boxes to support auxiliary processing needs at the edge level. At the cloud level, we offer servers, computing power services and our proprietary *IFMind* large model for computing demands.

- *Consumer-class Scenario.* We provide terminal products such as *Dr. LookAi Learning Camera* to end consumers and modules for AI earbuds and AI watches to brand manufacturers, with services enabled through visual analysis and inference capability of our *IFMind* large model at the cloud level to process feedback from the terminal devices. At the edge level, we integrate our AI inference chips in edge box to build AI home hub system.

- *Industry-class Scenario.* We provide software-hardware integrated solutions composed of various combinations of terminal smart cameras, edge boxes, cloud-based servers and *IFMind* model, depending on the specific customer needs.

Depending on the deployment location and computing power range, we categorize our products and services in full application scenarios spanning terminal-edge-cloud dimensions, as follows.



(1) Our *Nova* is licensed to chip vendors who embedded *Nova* to its self-developed chips, which are applied to terminal devices. Our *DeepEye* AI inference chips are purchased by hardware manufacturers to apply to terminal devices.

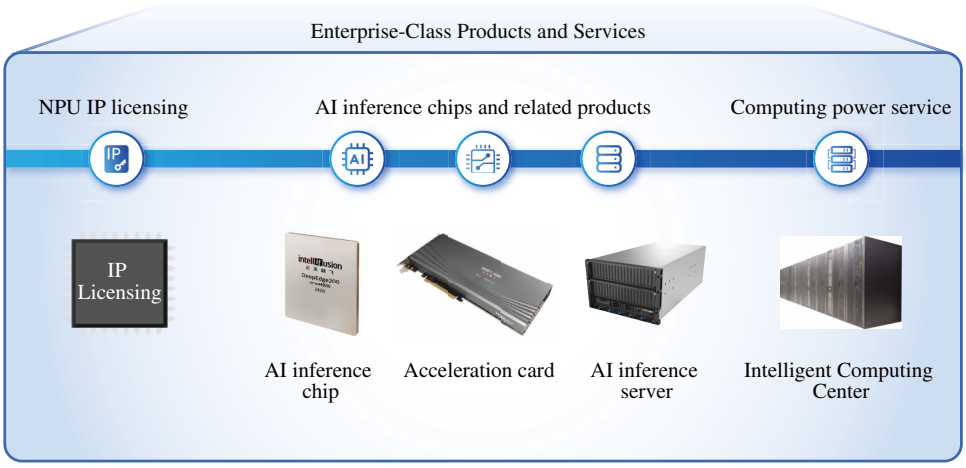
The following table sets forth a breakdown of our revenue during the Track Record Period by application scenarios.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Enterprise-class scenario	31,110	6.2	248,596	27.1	536,081	40.0
Consumer-class scenario	—	—	405,672	44.2	623,898	46.6
Industry-class scenario	469,092	92.7	253,753	27.7	174,248	13.0
Others	5,807	1.1	9,351	1.0	5,057	0.4
Total	**506,009**	**100.0**	**917,372**	**100.0**	**1,339,284**	**100.0**

Enterprise-class Scenario

Leveraging our high-performance AI inference chips and chip-based hardware in various forms, we serve enterprises and ecosystem partners, including cloud service providers, AI companies, and telecoms operators. By leveraging our "terminal-edge-cloud" architecture, we provide efficient and adaptive AI services to meet our customers' evolving needs. Our *DeepEdge10* series chips, featuring a unique "*AI Computation Blocks*" architecture, deliver flexible computing power to various scenarios, providing robust support for large model inference. In 2024, we launched our X6000 acceleration card,

which is now compatible with leading large models. Moving forward, the *DeepEdge10* series chips will further strengthen the enterprise-class scenario, delivering cost-efficient inference computing power across industries. The following illustrates the key components of our enterprise-class application.



(1) AI inference server integrates our high-performance *Nova* with optimized software stacks to deliver low-latency, energy-efficient inference at scale.

Our enterprise-class products and services primarily include (1) sales of AI inference chips and related products, (2) computing power services, and (3) IP licensing services.

The following table sets forth the revenue, gross profit and gross profit margin information of each of our AI inference chips and related products, IP licensing, and computing power services under enterprise-class.

	Year ended December 31,					
	2023		2024		2025	
	RMB	% of Total	RMB	% of Total	RMB	% of Total
	(RMB in thousands, except for percentages)					
Revenue						
AI inference chips and related products	5,010	16.1%	9,709	3.9%	23,830	4.4%
Computing power services	7,019	22.6%	238,854	96.1%	512,251	95.6%
IP licensing services	19,081	61.3%	33	0.0%	—	—
Total of enterprise-class scenario	**31,110**	**100.0%**	**248,596**	**100.0%**	**536,081**	**100.0%**

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
Gross profit and gross profit margin						
AI inference chips and related products	2,671	53.3%	6,828	70.3%	10,346	43.4%
Computing power services	3,061	43.6%	93,046	39.0%	246,755	48.2%
IP licensing services	17,906	93.8%	29	87.6%	—	—
Total of enterprise-class scenario	**23,638**	**76.0%**	**99,903**	**40.2%**	**257,101**	**48.0%**

We experienced continuous increases in the revenue from the AI inference chips and related products and computing power services during the Track Record Period. Revenue from IP licensing services declined from 2023 to 2025, as we had generally completed the delivery of services and revenue recognition of prior years with respect to legacy versions, and were preparing for the launch of new version of services to generate relevant revenue.

The gross profit margin of AI inference chips and related products increased from 53.3% in 2023 to 70.3% in 2024, as we secured certain premium contracts. The gross profit margin of AI inference chips and related products decreased from 70.3% in 2024 to 43.4% in 2025, primarily because the revenue contribution from such premium contracts decreased as a percentage of total revenue for AI inference chips and related products in 2025. Revenue from computing power services began to contribute a meaningful proportion of our total revenue from 2024, and we experienced an increase in the gross profit margin of computing power services in 2025, as we began to deliver services and recognize revenue for several high-margin projects in the second half of 2024.

Sales of AI Inference Chips and Related Products

We provide computing hardware devices that incorporate our AI inference chips and modules based on customers' needs. The AI inference chips and modules we provide for enterprise-class scenario are designed to support larger-scale inference applications with demanding computational requirements, such as cloud inference accelerator cards. Specifically, our customers can customize and integrate these computing hardware devices, including AI inference chips and acceleration cards, into hardware, such as robots, servers, and edge computing boxes, to support inference computing needs under different application scenarios. We charge our customers primarily based on order quantity and the degree of customization required to develop chips and related products tailored to our customers' specific application scenarios, and our revenue is recognized upon product delivery. We provide a standard warranty period of 12 months and offer after-sales service only for product defects attributable to quality issues.

Below are some key operating metrics for sales of AI inference chips and related products.

	Year ended December 31,		
Sales of AI inference chips and related products	**2023**	**2024**	**2025**
Number of customers	9	6	35
Customer retention rate[(1)]	5.6%	20.0%	50.0%
Average customer value[(2)] *(RMB in thousands)*	556.6	1,618.2	680.9

(1) Customer retention rate for a given period is calculated by dividing the number of customers in the previous period that remain as our customers in the given period, divided by the number of customers in such previous period.

(2) Average customer value equals revenue from the sales of AI inference chips and related products in a given year, divided by the number of corresponding customers in the same period.

The number of customers for sales of AI inference chips and related products decreased from 2023 to 2024 and we recorded relatively low customer retention rate in 2023, primarily because we strategically shifted our focus on prioritizing the expansion and penetration of key accounts. In 2023 and 2024, we concentrated on building stable relationships with a core group of customers, resulting in a selective approach to new customer acquisition and a corresponding reduction in total customer numbers. The number of customers for sales of AI inference chips and related products and the customer retention rate increased significantly in 2025, primarily because many customers completed their evaluation and onboarding processes for our AI inference chips. According to CIC, the adoption of AI chips typically involves long lead times, including technical validation and system integration. At the same time, our average customer value increased from RMB0.6 million in 2023 to RMB1.6 million in 2024, primarily driven by a substantial contribution from a major customer in the fourth quarter of 2024, which generated considerable revenue from purchases of AI inference chips and related products.

Our average customer value decreased from RMB1.6 million in 2024 to RMB0.7 million in 2025, primarily because our newly acquired customers were still in the early stage of their engagement with us and had not yet commenced large-scale procurement, notwithstanding a significant increase in the number of new customers during the year.

Computing Power Services

Our customers seeking computing power services primarily include cloud service providers and AI companies with requirements of high-performance infrastructure for large model training and inference. Based on customer needs, we integrate our AI inference chips in our intelligent computing center to provide customized AI computing power services that support both model training and inference. Specifically, our computing power services help our customers enhance their efficiency in model training and inference, while optimizing their overall computing resource utilization. Our computing power service delivers integrated hardware and software functions described in greater detail below.

- *Hardware*. Our hardware is primarily clusters comprising devices equipped with floating-point and fixed-point computing capabilities, combined with management servers, storage servers and other components. These clusters with support of software platform handle tasks such as algorithm training and inference as well as large-scale video structuring for our customers.

- *Software platform*. The software platform supports customers in utilizing the hardware, managing the entire process of allocating and using computing resources. For instance, it can assign tasks to specific cards, issue training alerts, and resume from checkpoints. It can also ensure high-concurrency, low-latency interaction within clusters. It keeps track of hardware, software, and tasks, automatically isolating cluster faults, and sending alerts for anomalies, ensuring smooth and uninterrupted operations.

Use Case

Our customer provides services for an AI company that develops and applies image-generation models. The customer required significant computing power but faced high hardware costs and inefficient software tools for managing tasks. We provided the customer with our computing cluster and software platform. Specifically, our self-developed inference acceleration cards, such as X6000 and X2000, offered high performance for large models, while our integrated software streamlined task scheduling, management, and monitoring. Our capabilities met the demands for the customer's massive data storage and high-speed transmission during large-model inference to effectively reduce data transfer bottlenecks, allowing it to manage, deploy and conduct content review for their algorithmic model tasks with high efficiency.

We charge our customers primarily based on the computing capacity, network architecture involved in customer scenarios and relevant management software platform provided with revenue recognized upon service delivery. We provide after-sale service of restoring services within 24 to 48 hours in the event of interruptions caused by hardware or software malfunctions. Given the nature of the offering, no warranty service is provided.

Below are some key operating metrics for computing power services.

	Year ended December 31,		
Computing power services	**2023**	**2024**	**2025**
Number of customers	4	8	17
Customer retention rate[(1)]	—	100.0%	62.5%
Average customer value[(2)] *(RMB in thousands)*	1,754.9	29,856.7	30,132.4

(1) Customer retention rate for a given period is calculated by dividing the number of customers in the previous period that remain as our customers in the given period, divided by the number of customers in such previous period.

(2) Average customer value equals revenue from computing power services in a given year, or annualized revenue from computing power services in a given period, divided by the number of corresponding customers in the same period.

The customer retention rate for computing power services decreased during the Track Record Period, primarily because certain customers adjusted their procurement plans in line with their own R&D progress amid the rapid development of the industry. The average customer value for computing power services increased significantly from RMB1.8 million in 2023 to RMB29.9 million in 2024, primarily attributable to major customer contracts secured and fulfilled in 2024, resulting significant revenue recognition in 2024. The customer retention rate decreased from 100.0% in 2024 to 62.5% in 2025, primarily because we expanded our customer base to include new customers while our relationships with certain smaller customers ended during the year. The average customer value continued to increase to RMB30.1 million in 2025, primarily due to steady revenue growth in this business segment compared to that in 2024.

IP Licensing Services

We license our *Nova* as licensed NPU IP to enterprise customers, including traditional SoC companies seeking to integrate AI capabilities. Our customers utilize *Nova* for customized usage to design and manufacture their own AI-powered chips which are widely adopted across diverse application scenarios. We charge customers usage fee determined by an agreed-upon base price for customized usage during the licensing term, which may be supplemented by royalties. Given the nature of the offering, no warranty or after-sales service is provided.

Below are some key operating metrics for IP licensing services.

	Year ended December 31,		
IP licensing services	**2023**	**2024**	**2025**
Number of customers	5	1	—
Customer retention rate[(1)]	50.0%	20.0%	—
Average customer value[(2)] *(RMB in thousands)*	3,816.2	33.2	—

(1) Customer retention rate for a given period is calculated by dividing the number of customers in the previous period that remain as our customers in the given period, divided by the number of customers in such previous period.

(2) Average customer value equals revenue from providing IP licensing services in a given year, or annualized revenue from providing IP licensing services in a given period, divided by the number of corresponding customers in the same period.

We had one customer for IP licensing services in 2024 and none in 2025, primarily because our customers are awaiting our next-generation NPU product for further evaluation.

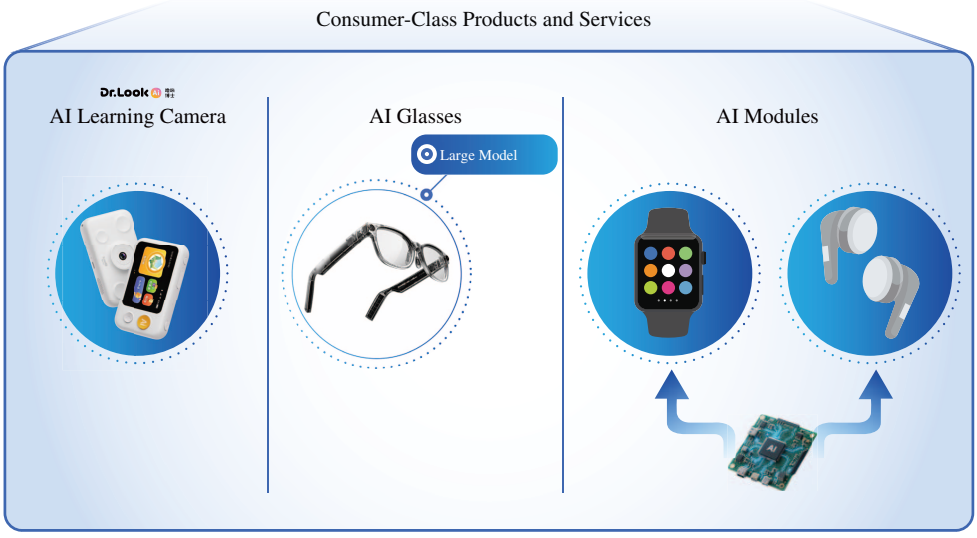
Use Case

Our customer is a leading smart parking service provider focusing on urban roadside parking services. This customer aimed to alleviate the growing challenge of "parking difficulty" in cities, leveraging AI applications to enhance roadside parking devices by using camera systems equipped with AI algorithms and chips to rapidly and accurately identify parked vehicles. This customer faced challenges with limited performance of edge inference performance. We provided this customer with our self-developed *DeepEdge10* series inference chips, replacing their original chip hardware. This upgrade significantly improved the efficiency and performance of their edge computing hardware, enabling faster and more accurate vehicle recognition.

Consumer-class Scenario

The evolution of human-computer interaction has been continuously evolving since the dawn of computers, progressing from punch cards to DOS commands, then to Windows and touchscreens, with each transition significantly reducing interaction complexity. The emergence of large models in recent years has further advanced such progression to natural language communication, marking the latest paradigm shift. Historically, each transformative interaction method has reshaped hardware architecture and spawned native hardware forms specifically designed for the new modality. Similarly, large models are now catalyzing two parallel hardware evolution pathways, including (1) AI-native products, which are entirely new product categories born from rapid AI advancements, and (2) AI-empowered products driven by the enhancement of existing products through AI capability integration. We started to generate revenue from AI-native products in 2025 of RMB45.9 million, accounting for 7.4% of our total revenue generated from consumer-class scenario in the same period. We started to generate revenue from AI-empowered products in 2024, recorded revenue from such products of RMB405.7 million and RMB578.0 million in 2024 and 2025, respectively, accounting for 100.0% and 92.6% for our total revenue generated from consumer-class scenario in the same periods, respectively.

Aiming to capitalize on both pathways, we have strategically launched our consumer-class products by (1) developing AI-native products such as *Dr. LookAi Learning Camera*, AI glasses, *Dr. LookAi Companion Dog*, and the AI inference chips for AI home hub devices developed by a customer, which are new product categories born from large model capabilities, and (2) providing AI capabilities to enhance consumer electronics and wearables, such as AI earbuds and AI watches. We strategically acquired D-infuture Tech in April 2024 to combine our AI expertise with their proven capabilities in hardware design and mass-market distribution. Such acquisition accelerates our ability to embed our large model functionality into mainstream devices, which at the same time reinforces our conviction that the integration of AI and large models will revolutionize how smart devices operate and interact.



AI-native Products

We sell our AI-native products to end consumers with revenue recognized upon product delivery. As of December 31, 2025, we have mainly commercialized *Dr. LookAi Learning Camera*, along with other AI-native products to be launched in the future. We set price for *Dr. LookAi Learning Camera*, a standardized product, based primarily on costs and market prices. We provide a standard warranty period of 12 months and offer after-sales service only for product defects attributable to quality issues for our *Dr. LookAi Learning Camera*.

Below are some key operating metrics for sales of *Dr. LookAi Learning Camera*.

	Year ended December 31,		
Dr. LookAi Learning Camera	**2023[2]**	**2024**	**2025**
Sales volume	—	77	81,912
Average selling price (RMB)[1]	—	574.4	552.1

(1) Average selling price for a given period is calculated by dividing the revenue generated from relevant products or services divided by their sales volume for the given period.

(2) We began selling the *Dr. LookAi Learning Camera* in December 2024.

The sales volume of *Dr. LookAi Learning Camera* increased significantly from 2024 to 2025, primarily because (1) we began selling the product only since December 2024, and (2) we conducted successful promotion campaign through mainstream online e-commerce platforms in the first half of 2025. The average selling price decreased during the same periods, as we expanded our sales channels in 2025 in addition to direct sales in 2024.

Dr. LookAi Learning Camera

In 2024, our brand *Dr. LookAi* launched an AI-driven learning product, *Dr. LookAi Learning Camera*, specifically designed for children aged three and above. Leveraging the powerful "All-things Recognition" capabilities of *IFMind* large model, this product captures image of physical objects to access learning content, generating special effects through interactive questioning and transforming real-world environments into structured learning frameworks. Moreover, its recognition scope is extensive, covering numerous categories and items.

(1) Our *Dr. LookAi Learning Camera* leverage the capabilities of *IFMind* large model.

(2) *Dr. LookAi Learning Camera* integrates multiple functions including reading pen, kids camera, smart storyteller.

AI Glasses

Leveraging our *IFMind* large model and the *IF Object Recognition Agent*, we have been co-developing our AI-powered glasses product with a partnered enterprise. For instance, we collaborate with a third-party leading consumer electronics enterprise to integrate our *IFMind* large model to co-develop AI glasses, which can perform object recognition by invoking the *IF Object Recognition Agent* developed through our *IFMind* large model. This product is designed to elevate everyday experiences through AI interaction. Users can take photos, record videos, and play music entirely hands-free, simply by speaking commands. Through real-time interaction with the *IFMind* large model, the glasses serve as a proactive assistant, capable of answering questions, making bookings, generating content and managing communications.

AI Home Hub

We have begun to apply our *DeepEdge10* series AI inference chips in AI home hub devices developed by a leading public company in the smart lifestyle sector, with annual revenue exceeding RMB5.0 billion, since May 2025. We provide AI inference chips and related products and software to assist the customer in developing AI host products for home application scenarios, which is expected to be launched in 2026. Specifically, we provide our customer with our *DeepEdge 10Max* chip and related software platform, based on which our customer may develop home host products. We receive profit allocation from the sales of *DeepEdge 10Max* chip, and our customer receives profit allocation from the sales of the complete home host products. As for intellectual property rights, any chip-related IP rights belong to us and any IP rights related to the complete home host product belong to the customer. As a result of the foregoing, we expect that our chip sales will continue to grow from 2025 to 2027. Our AI inference chips, integrated in edge box, empower device manufacturers to build AI-powered home hubs that integrate device management, local data storage, and intelligent AI analysis into a unified AI home hub system, with low latency, high privacy, and flexible deployment.

Dr. LookAi Companion Dog

Leveraging our *IFMind* large model and our self-developed embedded voiceprint model, we developed our proprietary AI-driven product, *Dr. LookAi Companion Dog*, a product which provides children with digitally-empowered companionship. We launched *Dr. LookAi Companion Dog* in October 2025. It utilizes multimodal visual recognition technology to replicate real object feeding scenarios, fostering responsibility cultivation in children.

AI-empowered products

Our AI-empowered products primarily include modules we develop to enhance consumer electronics and wearables AI capabilities. These modules integrate AI inference chips with PCBs and peripheral components to create dedicated solutions for specific tasks, such as object recognition and noise cancellation.

We sell our modules which contain limited customization to smart device manufacturers with revenue recognized upon product delivery. We do not provide warranty coverage once the product proceeds to the subsequent assembly stage. We set price for our modules based primarily on costs and market prices. We offer after-sales services in case of hardware or software detects.

Below are some key operating metrics for sales of AI-empowered products.

	Year ended December 31,		
AI-empowered products	**2023[3]**	**2024[3]**	**2025**
Number of customers	—	18	20
Customer retention rate[1]	—	—	88.9%
Sales volume	—	16,499,033	26,613,013
Average selling price (RMB)[2]	—	24.6	21.7

(1) Customer retention rate for a given period is calculated by dividing the number of customers in the previous period that remain as our customers in the given period, divided by the number of customers in such previous period.

(2) Average selling price for a given period is calculated by dividing the revenue generated from relevant products or services divided by their sales volume for the given period.

(3) We only include the relevant operating metrics since the acquisition of D-infuture Tech in April 2024, as our AI-empowered products sub-segment was acquired from D-infuture Tech.

The averaging selling price for sales of AI-empowered products decreased from 2024 to 2025, primarily attributable to our strategic phased pricing strategy aimed at boosting sales volume and securing greater market share.

AI earbuds

We provide comprehensive hardware and software house design services, including hardware design, system architecture design, prototype development and functional verification to leading brand manufacturers. The services spanning establishment of software code architecture, integration and debugging of peripheral drivers, design of application-level functionality and debugging of overall functionality, integrating highly compact chip processors, radio frequency transceivers and audio encoders to AI earbuds.

AI watch

We developed our own lightweight operating system, connecting AI watch, apps and AI large models. It runs smoothly on smart devices, such as AI watch, and is designed to grow with future products. We created a health and fitness app that works with smart devices, including clean, easy-to-use screens, smooth device connections, and features, such as step tracking and health monitoring.

Recognizing that smart devices are being redefined by AI and large models, we will further expand the portfolio of our AI-empowered products, leveraging the inference capability of our *IFMind* large model to power the next-generation AI-empowered products.

Industry-class Scenario

Leveraging our self-developed core technologies including algorithm and AI inference chips, we deliver tailored integrated products and services to system integrators and public service enterprises. System integrators among our customers under industry-class scenario are primarily companies responsible for downstream system integration and delivery, such as telecommunications operators and local firms with installation engineering credentials. We do not compete with any of these system integrators. By addressing specific customer requirements through integration of AI-powered terminal devices, AI edge computing service and cloud AI inference system.

We have successfully deployed our services in this scenarios across multiple sectors, including primarily smart public transportation, smart urban management, smart industrial park, and smart emergency response. We provide our customers with a software-hardware integrated solution, including front-end devices, software platforms, AI inference servers, edge box and integrated machines. We charge customers based on project milestones. Specifically, we utilize the inference capability of our *IFMind* large model in these applications.

We provide tailored integrated products and services to industry-class customers. We charge our customers mutually agreed-upon, custom-tailored prices for each project, based on their specific requirements. We receive payments based on the achievement of project milestones, which typically include advance payment upon contract signing, upon-delivery payment, acceptance payment, and warranty retention. The warranty period varies depending on the products and services, typically ranging from one to five years. For hardware products, we provide repair or replacement services for quality-related issues. For software products, we offer upgrade and maintenance services as after-sales services.

Below are some key operating metrics for the provision of tailored integrated products and services.

	Year ended December 31,		
Tailored integrated products and services	**2023**	**2024**	**2025**
Number of KA customers[(1)]	20	6	7
KA customer retention rate[(2)]	4.8%	15.0%	16.7%
Number of projects	225	188	114

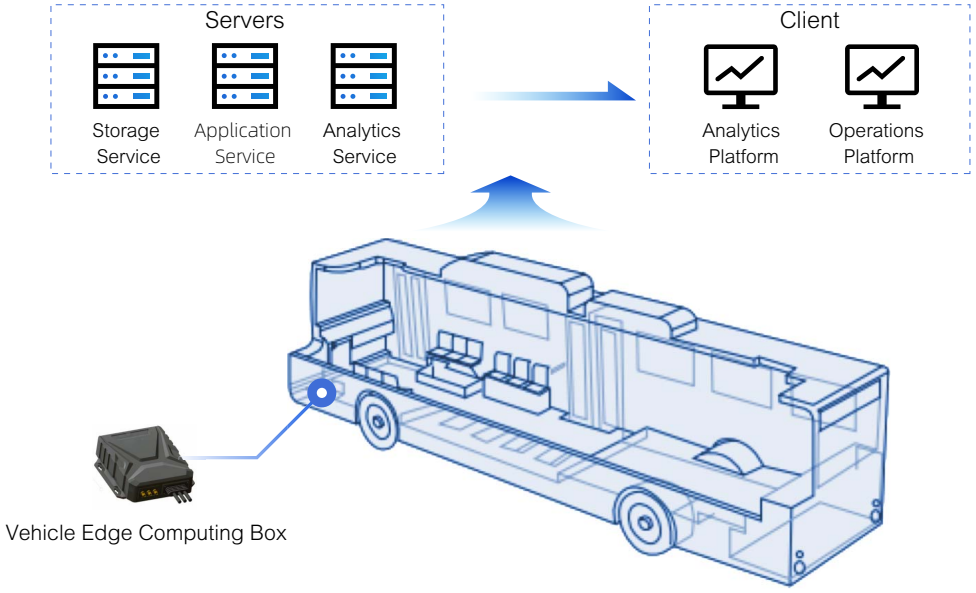
(1) KA customer in a given period refers to any customer with revenue contribution of at least RMB5.0 million in the given period.

(2) KA customer retention rate for a given period is calculated by dividing the number of KA customers in the previous period that remain as our KA customers in the given period, divided by the number of KA customers in such previous period.

The number of KA customers and the number of projects for tailored integrated products and services for industry-class scenario generally decreased during the Track Record Period, primarily because we strategically reduced new project intake in consideration of the overall declining downstream demand primarily driven by a decline in customers' budget.

Smart Public Transportation Application

We provide a software-hardware integrated solution to public transportation enterprise, optimizing public transportation by analyzing capacity and passenger flow data to balance supply and demand across routes, vehicle allocation, and service frequency. The solution uses head-shoulder-neck algorithms, a deep learning algorithm for real-time cognition of passenger movements in boarding and alighting the vehicle to perform origin-destination analysis. The solution also supports real-time processing and visualization of key metrics, such as passenger traffic and peak flow, enabling service optimization through route adjustments and express line planning.



Use Case

Our customer is a public transportation operator dedicated to enhancing the efficiency of vehicle and charging deployment through digitalization. To address these pain points, we delivered a full-stack smart transportation management solution including AI-powered route optimization, dynamic vehicle scheduling, and intelligent charging and driver shift planning. We deployed origin-destination analysis devices across nearly 6,000 buses, significantly improving passenger flow analysis accuracy and satisfaction. Our system enabled data-driven decisions that enhanced operational efficiency, optimized capacity allocation, and reduced costs.

Smart Urban Management Application

Our urban management application addresses urban issues such as illegal e-bike parking, overflowing trash bins, worksite safety, signboard collapse, illegal street vending and road flooding through a software-hardware integrated solution. It combines AI algorithms across vision, voice, and text to enable real-time event detection, intelligent dispatch, and closed-loop resolution. With intelligent analysis, the system supports automated decision-making and precise operations, building a foundation for smarter, more efficient urban management. The solution enables fast and accurate search during daily urban management operations. The embedded AI-powered capabilities support a precise data-driven operation.

KEY TECHNOLOGY

Algorithm-to-silicon

Our AI chip design starts by studying how different AI algorithms work and use memory. We then develop specialized instruction sets tailored for AI tasks. These instructions work together with our chip architecture to handle various AI needs. When designing, we consider both current AI algorithms and future trends. This allows us to build a complete set of efficient instructions. Our chips can run all kinds of algorithms, making them adaptable AI processors.

By developing dedicated instructions for core algorithms and computational kernels, including convolution, pooling and activation functions, and implementing a loosely coupled processor architecture integrating scalar, vector, and tensor units with a heterogeneous reconfigurable chip architecture, we significantly enhance computational efficiency of key algorithms and accelerate their deployment across diverse application scenarios.

Algorithm

With years of dedicated R&D devotion, we have culminated in the establishment of an advanced AI algorithm platform. This foundation underpins our proprietary large-scale model development capabilities, evidenced by the successful launch of our self-developed *IFMind* large model. Algorithms serve as our fundamental infrastructure of our technology stack, with the following key features.

- *Multimodal.* The platform integrates over 100 multimodal algorithms, including visual, text and speech applications. It efficiently combines small models for fast recognition and large models for high accuracy. The developed visual foundation model captures overall context with an increase of recognition accuracy and achieves fine-grain classification of over million categories.

- *Cross-modal.* The platform enables multi-level alignment and interaction of multimodal information through cross-modal fusion of visual and semantic foundation models. Cross-model technique achieves accurate information retrieval between visual and textual contents.

- *Automation.* Automation pipelines have been developed in the platform to accelerate the data collection and cleaning, model training and evaluation, and results visualization. For applications, the platform deploys models with a good balance of computing resources and efficiency.

- *Self-evolution.* The platforms continuously refines AI model performance through real-time data feedback. At the core is a model that self-learns and adapts to changing customer requirements.

AI Inference Chip Design

Running AI algorithms and applications fundamentally relies on AI computing hardware. The performance metrics and computational efficiency of AI computing hardware is intrinsically tied to AI inference chips. Through the algorithm-oriented chip design methodology, we translate abstract operators of AI models into our NPU instruction set architecture and build our inference chip with *AI Computation Blocks*, achieving high-performance, high-efficiency, scalability, adaptability, and deployment capabilities across diverse AI applications scenarios.

We have successfully developed four generations of NPU and commercialized three generations of AI inference chips. A single accelerator based on the latest AI inference chips can deliver up to 256 TOPS at 8-bit integer precision. We have successfully deployed commercialized AI chips across key domains including AI robotics, smart transportation, and AI security systems. Furthermore, leveraging our proprietary chips, we have developed products and services with scalable computing power, realizing the orchestra of Generative AI models deployment across on-device, edge, and cloud-based AI.

AI Computation Blocks

We are the first company in the industry to implement the design of *AI Computation Blocks*. Our *AI Computation Blocks* architecture lies with our D2D chiplet and C2C mesh torus interconnect technologies. This enables multi-dimensionally scalable computing architecture for efficient inference, achieving significant computation expansion, bandwidth enhancement, and latency reduction within domestic fabrication constraints. Leveraging our *Nova* and fully home-grown advanced domestic manufacturing processes, we developed *DeepEdge10* series chips. The *DeepEdge10* series chips adopted *AI Computation Blocks* architecture, modularly integrated standard computing units like building

blocks, enabling the construction of interconnected, scalable multi-chip computing systems through packaging of chips with varying computing power, supporting computing needs from 8T to 128T on a single chip.

Near-memory Hyper-converged Architecture

To solve the slow data movement problem in traditional computer chips, known as the von Neumann bottleneck, we innovatively developed the *Near-memory Hyper-converged Architecture* (近存超融架構). Leveraging wafer-level 3D hybrid bonding, we vertically integrate NPUs with high-bandwidth dynamic random-access memory at micron-scale interconnect pitch, significantly reducing memory access power consumption and fundamentally breaks through traditional memory bandwidth limitations. We designed a custom multi-level distributed static random-access memory where memory is embedded directly into the computing units, dramatically improving computational efficiency, reducing energy consumption and minimizing data movement through tightly coupled architecture. This architecture makes AI calculations dramatically faster and more energy-efficient.

Hardware Enablement Stack and Software Platform

The application of our self-developed NPU *Nova,* AI inference chips and *IFMind* large model relies on our software development and hardware enabler capabilities which vertically integrate and enable our hardware infrastructures. We designed software platform and hardware enabler to accelerate intensive computing workloads such as deep learning and scientific simulations.

We achieve our software development through our software platform, *IFIE*, which is a high-performance software development toolkit, providing a home-grown development environment for large model applications and AI inference deployment. The platform provides real-time AI inference capabilities and large model training and inference capabilities for AI inference chips. It provides lightweight modelized inference engine, achieving seamless integration of collection, inference, transfer and storage. The platform supports cloud inference chips with a wide range of distributed parallel computing, including data, tensor and pipeline parallelism, enabling high-performance inference of large models and is capable of cluster-scale deployment with thousands of compute units for large model inference services. We designed our hardware enabler, *Hy^{3}CAN*, as our fundamental hardware enablement platform to connect AI inference chips to software platform, unleashing the computing power potential. *Hy^{3}CAN* provides a unified programming interface to manage computing, memory, and communication resources, abstracting hardware complexity and unlocking the full performance of AI inference chips. It simplifies application development while ensuring scalability and high output of AI capabilities.

RESEARCH AND DEVELOPMENT

Our R&D Capability

R&D is the backbone of our success, which has driven our rapid growth since our inception and will continue to lead our future development. We have invested significantly in our R&D efforts to continually refine our products and services and advance our technological competitive edge, including recruiting and training high-caliber R&D and technology talents with rich experience. As of the Latest Practicable Date, we had assembled a dedicated R&D team of 618 members, accounting for 62.8% of our total employees as of the same date. Our R&D leaders have an average work experience of over 25 years in computing and software development related areas. Our R&D capabilities are also supported by our commitment and investment in R&D activities. In 2023, 2024 and 2025, we incurred research and development expenses of RMB294.8 million, RMB399.9 million and RMB445.5 million, respectively, representing 58.3%, 43.6% and 33.3% of our total revenue in the same periods, respectively.

Our R&D Process

Our R&D process is driven by a holistic evaluation of customer needs, technical feasibility, and market trends, executed through four key stages.

- *Conceptual stage*. This stage focuses on demand management through market and technical analysis. Our R&D team evaluates industry trends, market needs, and our strategy to define product requirements. We refine market demand analysis into key product specifications through decomposition and feasibility assessment. This phase ensures alignment between market needs and our technical capabilities before committing resources.

- *Planning stage*. At this stage, our R&D team determines implementation approaches for product requirements. We develop and enhance our AI inference chips and related products based on algorithm and chip architecture refined and optimized through insights generated from our real-world deployments.

- *Development stage*. At this stage, our R&D team transforms architectural specifications into chip design through algorithm-to-silicon methodology. Our R&D team execute chip architecture design for instruction sets and microarchitecture, and implements and verifies codes before physical layout. Concurrently, our R&D team develops software tools to support application programming, aligning with chip fabrication timelines.

- *Testing and commercialization stage*. At this stage, prototypes are manufactured via foundries and tested for electrical, timing, and functional compliance. Our products undergo performance, stability, and reliability validation. Based on performance data, we refine R&D workflows before authorizing full-scale manufacturing. This stage concludes with completed product certification for commercial launch.

OUR SALES NETWORK

We market our products and services predominantly through direct sales, and to a much lesser extent, through sales to distributors for our consumer-class scenario applications. Since late 2024, we have begun to develop distributorship as part of our multi-channel sales network for our consumer-class business. Our revenue generated from distributors was RMB5,700 and RMB5.1 million in 2024 and 2025, respectively, which were immaterial to our total revenue in the same periods. Our sales channels through direct sales and sales to distributors are generally in line with industry norm.

Direct Sales

We utilize direct sales to maintain a stable pricing system and proactively engage with customers. Under our direct sales mode, we rely on our in-house direct sales force to identify and interact with customers under enterprise-, consumer-, and industry-class scenarios, including primarily AI companies, cloud service providers, telecoms operators, and electronics manufacturers, system integrators and public service enterprises. As of the Latest Practicable Date, we had 211 sales and customer service personnel. Our local sales representatives enables us to swiftly identify and capture market demand, which in turn allows us to improve customer satisfaction and continually bring innovative products and services to market. During the Track Record Period, we generated almost all of our revenue through direct sales.

We generally enter into direct sales agreements with our enterprise and public sector customers, the salient terms of which are summarized as follows.

- *Service scope.* We provide comprehensive end-to-end technology services including custom software development, hardware procurement and installation, as well as cloud resources and security services.

- *Pricing.* Our pricing is primarily determined by the functions, scope, and technological sophistication and advantages of our services, deployment method, costs of procuring hardware and components and value created for our customers. In addition, we take into consideration the prices of our competitors' offerings and overall market demand.

- *Ownership.* Unless otherwise agreed in writing by both parties, all deliverables custom-developed for the customers shall be owned exclusively by the customer. We shall not disclose, transfer, or provide such deliverables to any third party without the customer's prior written consent. However, any technology patents, intellectual property rights, or proprietary know-how independently created, developed, or acquired by us shall remain our sole and exclusive property.

- *Compliance.* Customers certify that all services will be used in compliance with all applicable laws and regulations.

- *Confidentiality.* Each party shall maintain confidentiality of information obtained in relation to the relevant agreement and its contractual terms, and not use information obtained for other purposes.

Sales Promotion

We attract our customers under different scenarios with different solicitation strategies.

- *Enterprise-class Scenario*. We proactively engage with potential enterprise customers by introducing our products after establishing preliminary cooperation interest, followed by commercial negotiations to finalize pricing and the execution of business cooperation agreements.

- *Consumer-class Scenario*. We employ a dual-strategy approach tailored to the two distinct product categories, including (1) for the sales of AI-native products to end consumers, we cooperate with distributors and mainstream online e-commerce platforms to ensure broad consumer reach; and (2) for the sales of AI-empowered products to enterprise customers, we introduce our products to potential customers, followed by commercial negotiations for business cooperation agreements.

- *Industry-class Scenario*. We employ a dual-strategy approach tailored to the two distinct product categories, including (1) for system integrators, we introduce our products and subsequently engage in commercial negotiations for business cooperation agreements; and (2) for public sector customers, we participate in bidding processes for product presentations.

Distributor Sales

We only sell our consumer-class products through distributorship model with a total of 26 distributors as of December 31, 2025. We typically enter into framework agreements with our distributors, who place orders based on actual demand under the framework agreements, with the salient terms as follows.

- *Term.* The agreement with our distributors typically has a term of one year.

- *Product, pricing and quantity.* The quantities and prices of our products to be sold to distributors shall be specified in each purchase order following the framework agreement.

- *Payment terms.* In general, distributors shall make full payment in advance before we process any orders.

- *Quality control.* We shall deliver all products or services in compliance with contractual terms, meeting applicable national standards, industry regulations, and the technical quality requirements specified in the agreement.

- *Delivery and packing.* We shall adhere to the delivery and packaging specifications listed in each purchase order.

- *Warranty.* We guarantee the quality of all products and services provided, offering a standard 12-month warranty from delivery. During this period, we cover repair costs for defective products while distributors bear associated transportation fees to our service centers. Distributors are responsible for all post-warranty repair expenses.

- *Termination.* The agreement can be terminated with mutual consent or upon contract expiration, unless renewed by both parties.

BACKLOG AND CONTRACT VALUE

Backlog

Backlog represents our estimate of contract value that remains to be completed as of a certain date. New contract value represents the amount that we expect to receive under the terms of the contract, assuming the contract is performed in accordance with its terms. To the extent the work under these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by IFRSs and our methodology in determining backlog may not be comparable to the methodology used by other companies.

Backlog might not be indicative of our future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate income from uncompleted contracts. The termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of our backlog and the revenue and profits we may earn from such contracts, and could have a material adverse effect on our profitability and financial condition. As a result, our backlog information presented in this document should not be relied on as an indicator of our future earnings.

The following table sets forth, without considering the value-added tax, our backlog, new contract value, number of contracts and recognized revenue for each of the periods indicated. As we only operate the industry-class integrated products and services under a project-based business model, our reported backlog data below reflects only for industry-class scenario where project-based revenues are recognized upon achieving predefined milestones. In a given period, our backlog at the beginning of the period plus our new contract value less our recognized revenue for the period equals our backlog at the end of the period.

	Year ended 31 December		
	2023	2024	2025
	(RMB in thousands, except for contract number)		
Backlog at the beginning of the year/period (exclusive of VAT)	34,248	258,331	253,010
New contract value	693,174	248,432	160,780
Number of contracts	709	321	237
Recognized revenue for the year/period	469,092	253,753	174,248
Backlog at the end of the year/period	258,331	253,010	264,703

Loss-making Contracts

Our Directors consider a loss-making contract arose when the revenue generated from the contract was insufficient to cover the costs related to the work performed for the contract.

During the Track Record Period, we had five loss-making projects for our industry-class scenario, with aggregated gross loss of approximately RMB2.7 million. The aggregated revenue of such loss-making projects was approximately RMB8.5 million, representing approximately 0.3% of our total revenue during the Track Record Period. These contracts were loss-making primarily due to our rapid expansion of the customer base in various industry sectors, which required relatively high initial layout costs to address specific customer needs. Our Directors consider that the losses recognised as a result of these loss-making contracts were acceptable losses that may arise out of our ordinary course of business and such losses were insignificant to our operations, financial performance and profitability as a whole.

CUSTOMERS AND SUPPLIERS

Our Customers

We have a broad and diverse customer base. Our customers primarily include AI companies, internet companies, cloud services providers, electronics manufacturers, telecoms operators, system integrators and public sector customers. Where applicable, our customers primarily sell our products to end consumers based in China.

The salient terms of our typical agreements with our enterprise-class customers are set out below.

- *Duration*. For AI inference chips and related products, our contracts typically have a term of less than one year. For computing power services, our contracts typically have a term of a half to three years. For IP licensing services, our contracts typically have a term of one to three years.

- *Payment terms*. AI inference chips and related products are billed with an advance payment and payment upon delivery. Computing power services are billed in 30 to 60 days after the usage statement is delivered. IP licensing services are billed with an advance payment and installments upon usage.

- *After-sales services and product liability*. For AI inference chips and related products, we provide a standard warranty period of 12 months and offer after-sales service only for product defects attributable to quality issues. For computing power services, we provide after-sale service of restoring services within 24 to 48 hours in the event of interruptions caused by hardware or software malfunctions. For IP licensing services, we provide no warranty or after-sales service given the nature of the offering.

- *Ownership of intellectual properties*. We hold the intellectual property rights of the AI inference chips and related products developed by us and our proprietary IP. For computing power services, product-specific IP rights belong to the customer.

The salient terms of our typical agreements with our consumer-class customers are set out below.

- *Duration*. Our contracts are typically not for a definite term.

- *Payment terms*. Payment is usually due 60 to 90 days upon product delivery.

- *Warranty period.* We provide a standard warranty period of 12 months for our *Dr. LookAi Learning Camera*.

- *After-sales services and product liability.* If the products experience failures caused by quality issues such as software or hardware defects, we will offer after-sales services.

- *Ownership of intellectual properties*. We hold the intellectual property rights of the proprietary products developed by us. Product-specific IP rights belong to the customer.

The salient terms of our typical agreements with our industry-class customers are set out below.

- *Duration.* Our contracts are typically for a term of one to three years.

- *Payment terms.* Our projects are typically billed for an advance payment, shipment payment, acceptance payment, and warranty payment, based on project implementation progress.

- *Warranty period*. The warranty period varies depending on the product sold, typically ranging from one to three years.

- *After-sale services*. During the warranty period specified in the contract, we provide repair or replacement maintenance services for hardware products with quality issues; for software products, we provide upgrade and maintenance services.

- *Product liability*. The customer assumes the risk of damage or loss to the products upon product/solution delivery.

- *Ownership of intellectual properties.* We hold the intellectual property rights of the proprietary products/solutions developed by us.

In 2023, 2024 and 2025, revenue generated from our top five customers in each period during the Track Record Period accounted for 47.5%, 57.3% and 74.1% of our total revenue for such period, respectively, and revenue generated from our largest customer in each period during the Track Record Period accounted for 17.4%, 20.5% and 37.0% of our total revenue for such period, respectively. See "Risk Factor—Risks Relating to Our Business and Industry—We have derived a substantial portion of our revenue from sales to a limited number of customers, which may expose us to risks relating to customer concentration." We are seeking to mitigate the concentration risks by fostering relationships with emerging markets and broadening and diversifying our offerings to appeal to a wider customer base. The following table sets forth certain information of our top five customers during the Track Record Period.

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2023						
Customer A	88,149	17.4	2021	Smart public transportation	Upfront payment and milestone payment, by wire transfer	A subsidiary of a listed company, primarily engaged in solution design, system integration, and operation and maintenance services across smart city, smart transportation, and smart water management sectors, with registered capital of RMB338.9 million
Customer B	41,973	8.3	2018	Facial recognition system	Quarterly settlement, by wire transfer	A public company primarily engaged in comprehensive information services including mobile communications, fixed-line telephony, internet access services, satellite communications, and ICT integration, with registered capital of approximately RMB91.5 billion
Customer C	41,618	8.2	2023	Software-hardware integrated solution	Milestone payment, by wire transfer	A private company primarily engaged in computer network technology and technical development of communication equipment, with registered capital of RMB10.0 million
Customer D	35,592	7.0	2020	Energy storage	Annual settlement, by wire transfer	A private company primarily engaged in the construction and operation of charging stations, photovoltaic energy storage, and V2G technology, with registered capital of RMB500.0 million
Customer E	33,120	6.6	2023	Software and hardware	90 days after delivery, by wire transfer	A private company primarily engaged in the manufacturing of smart security devices, software development, and smart city solutions, with registered capital of RMB20.0 million
Total	**240,452**	**47.5**				

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2024						
Customer F	187,684	20.5	2019	AI earbuds, PCBA, AI watches PCBA	60-day payment terms, by wire transfer	A private company primarily engaged in research and development and production of TWS Bluetooth earbuds, smartwatches, and AR/VR glasses, with registered capital of RMB40.0 million
Customer G[2]	111,019	12.1	2024	Computing power service	Monthly payment terms, by wire transfer	A private company primarily engaged in digital technology services, network technology services, information system integration services and computer system services with registered capital of RMB50.0 million
Sichuan Tianfu Intelligent Computing Technology Co., Ltd. (四川天府智算科技有限公司)[1]	86,835	9.5	2024	Computing power service	Upfront payment and milestone payment, by wire transfer	A private company primarily engaged in technical services, big data processing, and information system integration, with core business encompassing technology development and transfer, software development, cloud computing services, and hardware and software equipment leasing, with registered capital of RMB100.0 million
Customer A	80,342	8.7	2021	Smart public transportation	Upfront payment and milestone payment, by wire transfer	A subsidiary of a listed company, primarily engaged in solution design, system integration, and operation and maintenance services across smart city, smart transportation, and smart water management sectors, with registered capital of RMB338.9 million
Customer C	60,027	6.5	2023	Software-hardware integrated solution	Installment payment, by wire transfer	A private company primarily engaged in computer network technology and technical development of communication equipment, with registered capital of RMB10.0 million
Total	**525,907**	**57.3**				

(1) We made a cash capital contribution of RMB20.0 million in July 2024 for 20% of equity interests in Sichuan Tianfu Intelligent Computing Technology Co., Ltd. (四川天府智算科技有限公司) ("Tianfu Intelligent Computing").

(2) We acquainted with Customer G through a business partner's referral in the course of business development.

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2025						
Customer G[(1)]	495,349	37.0	2024	Computing power service	Monthly payment terms, by wire transfer	A private company primarily engaged in digital technology services, network technology services, information system integration services and computer system services with registered capital of RMB50.0 million
Customer F	273,474	20.4	2019	AI earbuds, PCBA, AI watches PCBA	60-day payment terms, by wire transfer	A private company primarily engaged in research and development and production of TWS Bluetooth earbuds, smartwatches, and AR/VR glasses, with registered capital of RMB40.0 million
Customer H	104,187	7.8	2024	AI earbuds, PCBA	60-day payment terms, by wire transfer	A public company primarily engaged in the research and development, production, and sales of end-to-end services encompassing product-level and system-level solutions, hardware and software R&D, as well as operational manufacturing, with a registered capital of RMB1.0 billion
Customer I	66,395	5.0	2019	Printed circuit board assembly	60-day payment terms, by bills or wire transfer	A private company primarily engaged in the research, development, and production of electroacoustic products including headphones, headsets, microphones, and speakers, with a registered capital of RMB84.7 million
Customer J	52,272	3.9	2024	Software-hardware integrated solution	Milestone payment, by wire transfer	A private company primarily engaged in information system integration services and digital technology services, with registered capital of RMB20.0 million
Total	**991,677**	**74.1**				

(1) We acquainted with Customer G through a business partner's referral in the course of business development.

To the best knowledge of our Directors, none of the customers listed above, other than Tianfu Intelligent Computing, have any past or present relationship (business, employment, financing, family, trust or otherwise) with the Company or its subsidiaries, their directors, shareholders or senior management, or any of their respective associates, other than those arising from the ordinary course of business. Tianfu Intelligent Computing is a private software development company in which we held a 20% equity interest.

Our Suppliers

Our suppliers primarily include server hosting, cloud computing, software service and other technology service providers. The cost of service providers is accounted for under our cost of sales. The software and other technology services procured from our suppliers serve as supporting components to our R&D activities and do not form part of our core technologies. These services, such as safety protection systems, facilitate environmental monitoring within our self-developed products. As cost-effective, technologically mature solutions with universal interfaces, they can be integrated seamlessly through simple, standardized protocols. This approach optimizes our R&D efficiency by reducing development costs and enabling our R&D team to concentrate on the development and iteration of our core technologies and products.

In 2023, 2024 and 2025, purchase from our top five suppliers in each period during the Track Record Period accounted for 34.3%, 31.4% and 35.8% of our total purchases for such period, respectively, and purchase from our largest supplier in each period during the Track Record Period accounted for 9.4%, 9.1% and 14.0% of our total purchases for such period, respectively. The following table sets forth certain information of our top five suppliers during the Track Record Period.

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2023						
Supplier A	46,019	9.4	2021	Integrated software-hardware device	Milestone payment, by wire transfer	A public company primarily engaged in the construction of national mobile communication networks and digital services, with registered capital of RMB300.0 billion
Supplier B	31,690	6.5	2023	Server	Payment upon delivery, by wire transfer	A subsidiary of a listed company, primarily engaged in software development and AI public service platform technical consulting services, with registered capital of RMB55.0 million
Supplier C	31,581	6.4	2016	Equipment used in software-hardware integrated solution	Milestone payment, by wire transfer	A private company primarily engaged in enterprise-level navigation and positioning system development, with registered capital of RMB11.9 million
Supplier D	30,647	6.3	2023	Integrated software-hardware device	Payment upon delivery, by wire transfer	A listed company primarily engaged in product R&D, sales, and technical services within the fields of network information security and information technology infrastructure, with registered capital of RMB87.1 million
Supplier E	27,993	5.7	2022	Hardware renovation and upgrade	Milestone payment, by wire transfer	A private company primarily engaged in AI and chip design, focused on developing low-power, high-performance AI acceleration chips and solutions, with registered capital of RMB8.5 million
Total	**167,930**	**34.3**				

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2024						
Supplier F	91,616	9.1	2024	Server, optical modules, and related equipment	Upfront payment, by wire transfer	A private company primarily engaged in development, services, and sales of software & hardware products, with registered capital of RMB300.0 million
Supplier G	76,887	7.6	2023	Bluetooth chip	90-day payment terms, by wire transfer	A subsidiary of a listed company primarily engaged in integrated supply chain management services, including logistics, warehousing, and trade finance, with registered capital of RMB57.5 million
Supplier H	54,336	5.4	2023	Server	Payment upon delivery, by wire transfer	A private company primarily engaged in internet cloud data center services focused on smart city and IoT, with registered capital of RMB48.0 million
Supplier I	47,775	4.7	2019	Processing service	60-day payment terms, by wire transfer	A private company primarily engaged in intelligent equipment R&D and industrial automation solutions, with registered capital of RMB134.7 million
Supplier J	46,136	4.6	2022	Server	Payment upon delivery, by wire transfer	A private company primarily engaged in R&D of new energy vehicle charging stations and intelligent operation and maintenance, with registered capital of RMB1.0 million
Total	**316,750**	**31.4**				

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
	(RMB in thousands)	(%)				
For the year ended December 31, 2025						
Supplier G	109,214	14.0	2023	Bluetooth chip	Upfront payment, by wire transfer	A subsidiary of a public company primarily engaged in integrated supply chain management services, including logistics, warehousing, and trade finance, with registered capital of RMB57.5 million
Supplier I	52,342	6.7	2019	Processing service	60-day payment terms, by wire transfer	A private company primarily engaged in intelligent equipment R&D and industrial automation solutions, with registered capital of RMB134.7 million
Supplier K	52,224	6.7	2025	Bluetooth chip	90-day payment terms, by wire transfer	A private company primarily engaged in supply chain management services, with registered capital of RMB50.0 million
Supplier L	33,363	4.3	2025	Inference server	Upfront payment and milestone payment, by wire transfer	A private company and a subsidiary of a public company, primarily engaged in the research, development, and production of cloud computing services and solutions, with a registered capital of RMB120.1 million
Supplier M. . . .	32,395	4.1	2020	Microphone module	30-day payment terms, by bills or wire transfer	A private company and a subsidiary of a public company, primarily engaged in the research, development, and production of electronic components and modules, with a registered capital of RMB10.9 million
Total	**279,538**	**35.8**				

All of our top five suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers in each period during the Track Record Period.

Customer E and Supplier F are controlled by the same state-owned entity. To the best knowledge of our Directors, save as abovementioned relationship, our Directors are not aware of any past or present relationships, transactions or arrangements (whether business, employment, family, trust, financing or otherwise) or sharing of resources (personnel, other premises or otherwise) between Customer E and Supplier F, their respective subsidiaries, shareholders, directors, supervisors or senior management, or any of their respective associates. We did not procure any products from Supplier F and on-sold such products to Customer E during the Track Record Period and up to the Latest Practicable Date. To the best knowledge of our Directors, save as the relationship between Customer E and Supplier F, there are no any other past or present relationships between our major customers and suppliers during the Track Record Period.

Customer and Supplier Overlap

Supplier I was one of our top five suppliers in 2024 and 2025, with purchase amount accounting for 4.7% and 6.7% of our total purchases in the periods, respectively. It was also our customer in 2024 and 2025. During the Track Record Period, we primarily procured processing service from Supplier I, and Supplier I purchased electronics components from us with immaterial purchase amounts. Our transactions with Supplier I were conducted in the ordinary course of business at arm's length with reference to and in consistence with market prices and terms of comparable products and services.

Supplier B was one of our top five suppliers in 2023, with purchase amount accounting for 6.5% of our total purchases in 2023. It was also our customer in 2025. During the Track Record Period, we primarily procured server from Supplier B, and Supplier B purchased primarily terminal camera devices from us with immaterial purchase amounts. Our transactions with Supplier B were conducted in the ordinary course of business at arm's length with reference to and in consistence with market prices and terms of comparable products and services.

Our Directors are of the view that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms. The terms of our agreements with these overlapping customers and suppliers are substantially the same as those with our other customers and suppliers.

THIRD PARTY PAYMENTS

Background

During the Track Record Period, some of our customers (the "Relevant Customers") settled their payments to us through third party payors (the "Third Party Payment Arrangements"). In 2023, 2024 and 2025, the number of the Relevant Customers was six, nine and nil, respectively. The revenue attributable to transactions subject to the Third Party Payment Arrangements was approximately RMB9,100, RMB0.6 million and nil for 2023, 2024 and 2025, respectively, representing approximately 0.002%, 0.07% and nil of our total revenue for the corresponding periods.

No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. During the Track Record Period, (1) the Relevant Customers primarily comprised PRC customers who purchased our products through direct sales; and (2) the third party payors principally comprised individual affiliates, such as customers' legal representative and customers' employees and affiliated entities, such entities which are under common control. To the best knowledge of our Directors after making reasonable enquiries, (1) the Third Party Payment Arrangements were generally required to be made by certain Relevant Customers to save time and costs due to business convenience; (2) all of the Relevant Customers and the third party payors were Independent Third Parties; and (3) save as disclosed above, none of the Relevant Customers or their respective third party payors had any

other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with our Company, its subsidiaries, Shareholders, Directors or senior management, or any of their respective associates. As confirmed by our Directors, we have ceased to accept sales orders with settlement of payments through third party payors since June 30, 2025. Considering that (1) the total amount of transactions subject to the Third Party Payment Arrangements accounted for less than 1% of our total revenue in 2023, 2024 and 2025, and was minimal to our business; and (2) all trade receivables associated with sales orders settled by third party payors have been fully settled as of the Latest Practicable Date, our Directors are of the view that the cessation of the Third Party Payment Arrangements has not materially impacted our liquidity or financial performance up to the Latest Practicable Date.

As advised by our PRC Legal Advisor, the Third Party Payment Arrangement(s) is merely an assignment of liability from the Relevant Customers to third party payors pursuant to the Civil Code of the PRC (中華人民共和國民法典) and the Third Party Payment Arrangement(s), once it comes into effect, constitute valid and binding obligations on each of the parties involved, and such arrangement(s) itself do not contravene or circumvent the Civil Code of the PRC or constitute the crime of money laundering under Article 191 of the Criminal Law of the PRC (中華人民共和國刑法) in all material aspects provided that the receipt of payment was performed solely as settlement of sales of goods and not related to any criminal proceeds. To the best knowledge of our Directors, we had not been the subject of any investigations, enquiries, penalties, surcharges or additional tax payments as a result of the Third Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Internal Control Measures

To safeguard our interest against risks associated with Third Party Payment Arrangements, we have implemented various internal control measures to mitigate the relevant risks, including, among other things: (1) our finance department shall verify the consistency of the payor's bank account information with the customer's bank account information stated in the contract or obtained from the customer; (2) if any third party payment is identified, we will arrange refund and request the customer to arrange payment directly; and (3) our internal audit department shall conduct random inspections on the implementation of the above measures from time to time to ensure compliance.

DATA PRIVACY AND SECURITY

We consider data privacy and security as prior importance to our brand image and our business reputation. We have access to certain data, including primarily registration information such as phone number, user name, profile picture and photos taken and uploaded from our customers in the course of using our products under consumer-class scenario, including primarily *Dr. LookAi Learning Camera* and the related *Dr. LookAi* WeChat mini-program. We have no access to personal information from end customers of our enterprise and government customers during our service providing.

We have established and implemented comprehensive policies and procedures to supervise the data privacy and security during our business operations, including the *Dr. LookAi* privacy policy, the data management measures, the information security management policy and the personal information protection policy. Pursuant to our internal policies and procedures, our employees shall strictly follow these specific requirements and procedures when accessing to and utilizing our servers, network and databases, and refrain from any unauthorized operation that would jeopardize our information system and infrastructure. Our employees shall comply with all relevant laws and regulations on data privacy and security, and shall not access, use or disclose any data of our customers or users unless required by their specific requests or required by laws or regulations. We also have stringent authorization and authentication procedures in place, pursuant to which we grant classified access to sensitive personal information only to limited employees with strictly defined and layered access authorization procedures.

We employ a variety of technical measures to detect and prevent risks and vulnerabilities regarding data privacy and security. For example, our data are encrypted and stored in our firewall-protected physical servers and our cloud servers operated by prominent third-party cloud service providers. We also ensure privacy and data integrity during data transmission process through

transport layer security encryption. We maintain data access logs that record all processing activities in relation to our data and conduct manual or automated monitoring and audit of high-risk processing activities. Moreover, we maintain a backup and disaster recovery mechanism to ensure the mitigation the effects of data break and leakage in the event of accidents such as security attacks. In addition, we have set up an information security management committee, which is responsible for the overall establishment of our data security policies and procedures. They will also coordinate our emergency response in the event of information security incidents.

We have set up a separate system for the protection of sensitive personal information, such as children's personal information. For children's personal information that may be collected during the use of our *Dr. LookAi Learning Camera* and the related *Dr. LookAi* WeChat mini-program, we provide users with a separate privacy notice, such as the related *Dr. LookAi* children's personal information protection rules and instructions for guardians, and ensure that the separate consent of their guardians is obtained before collecting children's personal information. In addition, pursuant to our personal information protection policy, we shall take special security measures for sensitive personal information, such as setting strict access authorization for access and modification of sensitive personal information, and adopting de-identification processing when displaying sensitive personal information through the interface.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation or dispute related to data security and personal information protection, nor had we been subject to or involved in any investigation or penalty by relevant competent regulatory authorities in this regard, that had a material adverse effect on our business, results of operations or financial condition. Our PRC Legal Advisor is of the opinion that we had complied with PRC laws and regulations on data security and personal information protection in all material respects during the Track Record Period and up to the Latest Practicable Date.

ARTIFICIAL INTELLIGENCE SERVICES

The Generative AI Services Measures apply to service providers that use generative Al technologies to provide services that can generate texts, pictures, audio, videos and other content to the public in China. We are subject to the Generative AI Services Measures as our business operations involve the provision generative AI services with public sentiment attributes or social mobilizing capability within Chinese Mainland.

Pursuant to the Generative AI Services Measures and other relevant regulations, we have completed the generative AI service filing with the Guangdong Provincial Cyberspace Administration for our generative AI service—*Dr. LookAi Learning Camera* (filing code: Guangdong-LuKaBoShiAIXiangJi-20241221S0007). We have further confirmed with the Guangdong Provincial Cyberspace Administration that the aforementioned AI service is not subject to additional algorithm filing requirements under the Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services. In addition, we have also completed a generative AI service filing with the CAC for our service (filing code: Guangdong-yuntiantianshu-20231116).

Based on the foregoing filings and related registrations, and as confirmed by the regulatory authority and advised by our PRC Legal Advisor, we are in compliance with the Generative AI Services Measures and relevant regulations on the management of generative Al services in all material aspects and there is no material discrepancy between applicable requirements under such regulations and our current practices.

COMPETITION

We primarily compete in China's AI inference chip-related products and services industry and smart device industry. The markets in which we operate are competitive and evolving. Moreover, the industry competition may continue to intensify along with the evolving technologies and customer needs, as well as the changing market landscape in terms of the types and number of competitors and degree of market adoption. We compete primarily on the basis of the following factors.

- effectiveness of our products and services;
- scale of customer base;
- technology infrastructure and AI capabilities;
- effectiveness of our R&D initiatives;
- ability to develop new product and service offerings; and
- brand recognition and reputation.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, the market in which we operate is highly competitive and some of our competitors may have a longer operating history, greater financial, technological and other resources, or higher brand recognition than us. For more information about our competitive strengths, see "—Competitive Strengths" in this section. For more information about the risks we face related to competition, see "Risk Factors—Risks Relating to Our Business and Industry—If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected."

LICENSES, PERMITS AND APPROVALS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary for our business operations in all material respects from relevant government authorities in China, and such licenses, permits, approvals and certificates remained in full effect.

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/Permit/Approval	Holder	Granting authority	Grant date	Expiration date
Information Security Service Qualification Certification Certificate .	the Company	China Cybersecurity Review Technology and Certification Center	October 24, 2025	October 23, 2028
Certificate of Conformity to Information Technology Service Standards	the Company	China Electronics Standardization Association	July 19, 2024	November 17, 2027
Radio Transmission Equipment Type Approval Certificate . . .	Dr. LookAi	Ministry of Industry and Information Technology of the PRC	November 25, 2024	November 24, 2029
Telecommunication Network Access Trial . .	Dr. LookAi	Ministry of Industry and Information Technology of the PRC	December 6, 2024	December 6, 2026

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business, and we devote significant time and resources to their development and protection. We rely on a combination of copyright and trademark law, trade secret protection, confidentiality agreements with employees and contractual restrictions on intellectual property and confidentiality clauses in our agreements with third-party suppliers to protect our intellectual property rights. We have established a risk management system, monitoring any infringement or misappropriation of our intellectual property rights.

As of the Latest Practicable Date, we had registered 1,193 patents, 272 software copyrights and 650 trademarks. Among all the patents, we owned 949 invention patents as of the same date, covering chip architecture, AI algorithm, system platforms, and development toolchains. See "Statutory and General Information—B. Further information about Our Business—2. Intellectual Property Rights" in Appendix IV to this document for details. During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

EMPLOYEES

As of the Latest Practicable Date, we had 985 full-time employees, all of whom were located in China. The following table sets forth a breakdown of our full-time employees by function as of the Latest Practicable Date.

	As of the Latest Practicable Date	
Function	**Number of employees**	**% of total**
R&D	618	62.8
Sales and customer service	211	21.4
General and administrative	138	14.0
Finance	18	1.8
Total	**985**	**100.0**

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations primarily because certain employees were unwilling to cooperate in making the joint contribution of the social insurance and housing provident funds in full. In addition, during the Track Record Period, we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees, primarily due to the preference of such employees to participate in local social insurance and housing fund schemes in their place of residency in which we did not establish any entity. During the Track Record Period, such third-party human resource agencies did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations.

In 2023, 2024 and 2025, the shortfall of social insurance and housing provident fund contributions amounted to RMB19.2 million, RMB24.9 million and RMB23.6 million, respectively. As advised by our PRC Legal Advisor, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit

within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

To ensure our compliance with the requirement of relevant social insurance and housing provident fund authorities, we plan to implement the following enhanced internal control measures:

(1) Offer more educational sessions on social insurance and housing provident funds to our workforce, especially the non-cooperating employees, to heighten their compliance awareness and procure their cooperation in making timely joint contributions in this regard;

(2) Enhance our human resources management policies with respect to social insurance plans and housing provident funds;

(3) Assign designated team including but not limited to the members of our legal and compliance department to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations. This team will also be responsible for implementing any necessary corrective measures;

(4) Engage in regular communication with the relevant PRC authorities to ascertain that our methods for calculating and remitting contributions are in full compliance with all pertinent regulations;

(5) Proactively track changes to PRC social insurance and housing fund laws and regulations on an ongoing basis;

(6) Consult our PRC legal advisor on a regular basis to assess whether we are subject to relevant risks of non-compliance.

In addition, we plan to progressively adjust the contribution bases starting from the next practicable time window, as the contribution basis for social insurance and housing provident funds can only be adjusted and submitted to the respective social insurance and housing provident fund authorities during designated time windows. We plan to carry out adjustment in phases and currently expect to effect the first batch of adjustment in January 2026. However, we need to guide and encourage our employees to adjust the social insurance and housing provident fund contribution base, as mandatory increases in the contribution base would reduce employees' income and thereby adversely affect our employment stability, we are unable to complete the compliance rectification of the social insurance and housing provident fund contribution bases for all employees prior to **[REDACTED]**. In order to rectify the under-contribution of social insurance and housing provident funds, we will continue to proactively communicate with our employees to guide and encourage them to agree to the adjustment of contribution base. We plan to progressively adjust the contribution bases following the **[REDACTED]**.

As of the Latest Practicable Date, our Directors are of the view that such incidents would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (1) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, (2) we will make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities, (3) the amount of shortfall of social insurance and housing provident fund contributions during the Track Record Period is relatively low, amounting to RMB19.2 million, RMB24.9 million and RMB23.6 million in 2023, 2024 and 2025, respectively, comparing with our revenue of RMB506.0 million, RMB917.4 million and RMB1,339.3 million in the same periods, respectively, (4) we have implemented enhanced internal control measures, (5) we plan to progressively adjust the contribution bases starting from the next practicable time window, and (6) (i) based on confirmations from relevant authorities, during the Track Record Period, we were not subject to any administrative penalties imposed by the social insurance authorities or the housing provident fund authorities due to insufficient payment of social insurance or housing provident funds, and (ii) we learned from the interviews with relevant authorities where the majority of our employees locate that, in practice, these authorities typically do

not proactively require enterprises within their responsible districts to make supplementary payments for shortfalls of social insurance (which, according to applicable rules, also include late fees) or housing provident funds, and they generally do not proactively impose administrative penalties on enterprises for such insufficient payments, unless negative public opinion or improper incidents have occurred, or complaints have been filed. In addition, pursuant to Notice of the General Office of the State Taxation Administration on Properly and Orderly Implementing the Collection and Management of Social Insurance Contributions (國家税務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知) and the Notice of the General Office of the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Contribution Rates (國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知) , tax enforcement inspections shall be conducted in a standardized manner, no voluntary organization of inspections on overdue contributions from prior years shall be carried out and during the reform of the collection system, no centralized collection of enterprises' historical overdue contributions shall be conducted on a voluntary basis. Based on the foregoing, as advised by our PRC Legal Advisor, the likelihood that we would be required to pay the historical shortfalls, or be subject to material administrative penalties by the competent authorities regarding our contribution to the social insurance and housing provident funds during the Track Record Period is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no significant employee complaints occur. As a result, we did not make any provisions in connection with the foregoing incidents during the Track Record Period. See "Risk Factors—Risks Relating to Our Business and Industry—We face certain legal and regulatory risks relating to labor related laws and regulations, which may adversely affect our business, results of operations and financial condition."

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law. Based on (i) we have not signed any agreement with our employee or our employee have not committed to give up paying their social insurance, and (ii) our employees have the legal right to terminate the labor contract and claim economic compensation in accordance with the Labor Contract Law being effective since 2012, instead of the aforementioned regulation, which will not result in the Group assuming any additional liability for compensation, as advised by our PRC Legal Advisor, the aforementioned regulation will not have material adverse impact on our business operations and financial position.

Our success depends on our ability to attract, retain and motivate qualified personnel with business acumen, industry experience and/or technology background. We recruit our employees through different channels, including online recruitment, job fairs, referrals and recruitment agencies. As part of our human resource strategy, we offer our employees competitive compensation packages and an environment that encourages development and, as a result, have generally been able to attract and retain qualified personnel. We also offer training programs to our employees to enhance their skills and knowledge. We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety and grounds for termination. In addition, we generally enter into standard confidentiality with our key employees.

We believe that we maintain a good working relationship with our employees. We had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As of the Latest Practicable Date, we did not own any real property. 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 in this document any valuation report. 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.

As of the Latest Practicable Date, we leased 15 properties with a total GFA of 19,617.02 sq.m. in China from Independent Third Party mainly as our offices and R&D premises for our business operations. As of the Latest Practicable Date, the lessors of seven out of our 15 leased premises had not provided copies of the real property title certificates to us. If the lessors are not entitled to lease the properties to us and the owners of such properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As advised by our PRC Legal Advisor, the real property owners are legally required to acquire the relevant real property title certificates, therefore the aforementioned title defects will not lead us being subject to any penalties under relevant laws and regulations. However, considering that (1) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof, (2) there are abundant unoccupied properties available for lease at similar costs and we believe we would be able to relocate our facilities to a different site relatively easily if we are required by third parties, and (3) in accordance with the relevant provisions of the PRC Civil Code, if we are unable to use or accrue proceeds from the leased property due to any claim by a third person, we may request reduction of rent or refuse to pay rent, our PRC Legal Advisor and Directors are of the view that such incidents will not have a material adverse impact on our continuous operation, financial condition and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—Our leased property interests may be defective and our right to lease or use the properties may be challenged, which could cause additional expenses or significant disruption to our operation."

As of the Latest Practicable Date, 13 out of our 15 leased properties mainly used as our offices and R&D premises had not been registered and filed with relevant land and real estate administration bureaus in China, primarily due to the difficulty of procuring our lessors' cooperation to file such leases. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements nor the lawful and effective use of leased properties pursuant to the lease agreements. However, the relevant authorities may require us to rectify such noncompliance within a prescribed period and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each of such properties if we fail to rectify such non-compliance within the prescribed period. During the Track Record Period and up to the Latest Practicable Date, we had not received any order from the relevant government authorities requiring us to register these lease agreements, and no administrative penalty had been imposed on us for non-registration of these lease agreements. Based on the above, our PRC Legal Advisor and Directors are of the view that the failure to register and file the leased properties will not have any material adverse effect on our operation and financial condition. See "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to fines for failing to register the lease agreement of leased property."

INSURANCE

We consider our insurance coverage to be adequate as we have in place in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations.

However, in line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. We maintain comprehensive insurance coverage for our technological infrastructure. We consider our insurance coverage to be in line with that of other companies of similar business nature in China. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured infrastructure or facilities could have a material adverse effect on our results of operations. See "Risk Factors—The insurance coverage we have may not adequately protect us against all operating risks."

Our Directors are of the view that our insurance coverage is adequate as it is in line with the industry norm.

U.S. EXPORT CONTROL LAWS AND REGULATIONS

Background

Effective June 5, 2020, the BIS added "Intellifusion" with aliases "Shenzhen Yuntian Lifei Technology Co., Ltd." and "Yuntian Lifei", which are English translations of its official Chinese name, to the Entity List, and the Listed Entity was subsequently designated as a Footnote 4 entity on October 7, 2022, pursuant to Supplement No. 4 to Part 744 of the EAR. The designation restricts the ability of the Listed Entity to procure certain items subject to the EAR, including foreign-produced items that are the "direct product" of controlled U.S.-origin technology or software, as defined under the FDP Rule, absent a license from the BIS, which will be reviewed with either a presumption of denial or a case-by-case policy. None of the subsidiaries, partially owned subsidiaries, or sister companies were separately designated. The Entity List designation would not separately impose license requirements on affiliates or subsidiaries of the Listed Entity.

Entity List designation imposes a license requirement for the export, reexport, or transfer (in-country) of all items "subject to the EAR" to the Listed Entity. Some listed entities are designated with a "footnote". As of the Latest Practicable Date, BIS has extended the control measures of Entity List by adding footnote 1, 3, 4 and 5. According to 15 C.F.R. § 734.9, non-U.S. produced items may be "subject to the EAR" pursuant to the FDP Rule, which means the exporter should separately determine the license requirements that apply to non-U.S.-produced item. For footnote 4 designated entities, the additional license requirement is: non-U.S.-produced items could be subject to the EAR, if footnote 4 designated entity is involved or it is one of the transaction parties. See "Regulatory Overview—Export Administration Regulations".

However, pursuant to published BIS Policy Guidance "Entity List FAQs—Do the license requirements and policies of the Entity List apply to separately incorporated subsidiaries, partially owned subsidiaries, or sister companies of a listed entity?" (First published 21 October 2016, latest updated 10 November 2025), such Entity List restrictions apply only to the specific named entities, and not to legally distinct subsidiaries, sister companies, or affiliates unless they are explicitly named. Our Legal Adviser as to international sanctions laws, who verified against all published BIS Entity List designations and confirmed that, none of our Group's non-listed affiliates or subsidiaries have been separately designated. In line with such guidance, and supported by our internal governance structure and control protocols, we have implemented measures to ensure that our Group entities operate independently of the Listed Entity where required, and that transactions involving items subject to the EAR are conducted in full compliance with applicable restrictions. As of the Latest Practicable Date, we did not direct or require any subsidiary to procure specific technologies, source from particular suppliers, or conduct transactions for the benefit of Intellifusion, and our subsidiaries operate independently in both form and substance in their day-to-day commercial operations.

Our subsidiaries and affiliates operate under separate legal registrations, maintain their own management and financial systems, and pursue independent supply chain and commercial operations. We do not share sensitive items, technology, or software among our Group entities in a manner that would circumvent EAR prohibitions. Our Legal Advisor as to international sanctions laws is of the view that, our structure and activities during the Track Record Period were consistent with the then

prevailing BIS framework. Prior to the issuance of the Affiliate Rule (the Affiliate Rule is subject to a one-year suspension from November 10, 2025), the EAR did not attribute the obligations or restrictions of a listed company to its affiliates solely on the basis of ownership. Our subsidiaries are separately incorporated legal persons under PRC law and have, in practice, operated with their own governance, financial systems, and business management.

The BIS Affiliate Rule published on September 29, 2025, reflects BIS's move toward a more explicit, rule-based mechanism under which Entity List-related restrictions may be extended to certain affiliates when specified predicates are met. This rule will take effect upon the expiry of the suspension period ending on November 9, 2026. The rule is prospective in nature and does not retroactively alter the legal framework applicable to transactions conducted during the Track Record Period.

The Joint Sponsors and our Legal Advisor as to international sanctions laws have reviewed our internal records, corporate structure, and transaction data . During the Track Record Period, we primarily sourced technologies, components and technical services from counterparties based in the PRC, while certain subsidiaries procured U.S. hardware components and related items in the ordinary course of business. Based on the information reviewed, to the extent any items procured by subsidiaries were of U.S. origin or otherwise subject to the EAR, such items were not subject to a license requirement for China at the time of export, reexport or transfer, and the relevant subsidiaries were not themselves designated on the Entity List at the time of procurement. We note that subsequent regulatory developments or expansion of export controls do not apply retroactively to transactions completed in compliance with the requirements applicable at the time. Based on the information reviewed and the legal advice received, there is no factual basis to conclude that the Company or its subsidiaries violated the EAR at the time of the relevant procurements or engaged in prohibited circumvention. Accordingly, both parties concur that our current business model, as supported by compliance documentation, does not present material regulatory risks under the current export control regime.

With respect to the potential forward-looking operational impact of the Affiliate Rule, we do not rely on EAR-controlled items or U.S.-origin technology in our core R&D processes or commercial product offerings. We have taken steps to diversify our procurement strategy and to source key components, including GPUs and software, from domestic suppliers. Our Legal Advisor as to international sanctions laws and Directors are of the view that the BIS Affiliate Rule is not expected to result in a material disruption to our operations.

Internal Control Measures

We have implemented a dedicated internal compliance framework to address potential risks associated with U.S. export control and international sanctions regimes. Our internal protocols are designed to operate both at the transaction level and organizational level, and include the following core elements:

- Transaction-level export control risk assessment, including classification of relevant items (where applicable) and jurisdictional screening;

- Sanctions screening of suppliers, customers, and other business counterparties against U.S. and international sanctions lists (e.g., OFAC SDN, Entity List, MEU, NS-CMIC, and UN/EU lists), using third-party compliance databases;

- Mandatory end-use and end-user due diligence for transactions deemed higher risk, such as those involving dual-use items or customers in high-risk jurisdictions;

- Procurement controls at the Listed Entity level, including an internal restriction mechanism that limits the ability of the Listed Entity to engage in transactions involving sensitive U.S.-origin technology or high-performance items subject to the EAR;

- Operational and financial ring-fencing of subsidiaries, supported by corporate governance documentation (e.g., independent general manager authorities, separate procurement systems, and budgetary autonomy) to reduce attribution risk and ensure that sensitive transactions are

managed independently of the Listed Entity. Our ring-fencing measures operate across multiple layers to ensure that subsidiaries function independently and that transactions are not structured to circumvent applicable export-control requirements, including:

- **Governance ring-fencing:** at the governance level, the Board oversees overall compliance strategy, while operational authority is delegated to subsidiary management. Group-level compliance policies, red-line requirements and periodic audit mechanisms are in place, while transaction-specific decision-making authority remains with the subsidiaries;

- **Transactional ring-fencing:** subsidiaries are required to conduct pre-procurement screening and may not procure EAR-controlled items or U.S.-origin technology for the benefit of the Company. Any potential U.S.-origin or EAR-controlled procurement is subject to escalation and compliance clearance. Transactions involving potentially controlled items are subject to internal review at the subsidiary level based on the business needs of the relevant subsidiary and in accordance with group-level compliance policies and red-line requirements, without centralized procurement execution by the Company; and

- **Technical and data ring-fencing:** Technical access controls and internal approval mechanisms are in place to prevent the unauthorized dissemination or downstream use of sensitive technologies in restricted end-use scenarios. Measures include role-based access controls, compartmentalized repositories, and access logging and monitoring. These measures are intended to restrict unauthorized cross-entity access to sensitive technical information and to ensure that any internal sharing or use is subject to applicable approval and compliance controls.

These measures are documented in the Group's internal policies and have been implemented across the Group's major operating subsidiaries during the Track Record Period, with periodic compliance reviews and audits conducted to monitor adherence and escalate exceptions.

– Contractual safeguards, including flow-down clauses in supplier agreements that restrict further export or re-export of items to embargoed countries or parties;

– Regular staff training and internal audits to enhance awareness of export control and sanctions compliance obligations, and to monitor adherence to internal protocols.

To assess the sufficiency and effectiveness of our internal control regime, we have engaged an independent Internal Control Consultant, who has reviewed the relevant compliance documentation, governance structure, and implementation records. Based on its evaluation, the Internal Control Consultant is of the opinion that our compliance and risk management framework is adequate to identify, monitor, and mitigate risks associated with U.S. export controls and international sanctions.

Conclusions

Based on our internal review and legal analysis conducted by Commerce and Finance Law Offices LLP ("C&F"), our Legal Advisor as to the international sanctions laws, we believe that the Entity List designation does not impose a blanket prohibition on our lawful operations or materially impair our ongoing business activities. Our Group does not engage in transactions within comprehensively sanctioned jurisdictions, and we have not been informed by any of our major suppliers, customers, or partners of any decision to terminate or reduce cooperation as a result of the Entity List designation.

To the best knowledge of our Directors, none of our affiliates, Directors, officers, major Shareholders, employees, or material counterparties are designated on international sanctions lists, nor are they incorporated or resident in comprehensively sanctioned jurisdictions.

C&F is of the view that, based on currently available information and our operational and transactional structure, our Group's exposure to additional U.S. export control and international sanctions risks is remote, with the following bases:

(1) our procurement and computing service arrangements do not appear to involve the acquisition or provision of items subject to the EAR following the effective date of relevant restrictions, and no information has been identified indicating that such items were knowingly incorporated into our infrastructure after designation;

(2) our AI inference chip-related products and services development activities are not subject to the EAR given that our existing transactions with certain customers do not trigger the Foreign Direct Product Rule; and

(3) our operations remain primarily civilian in nature and are not conducted within, or in connection with, comprehensively sanctioned jurisdictions or designated parties.

As of the Latest Practicable Date, we were not aware of any regulatory investigation, enforcement action, litigation, or material disruption to our supply chain or customer base, reasonably attributable to our Entity List designation. C&F is of the view that, subject to the continuing enforcement of internal control measures, the Entity List designation does not have a material adverse effect on our business and operations, and is not expected to constitute a material legal impediment to the Company's **[REDACTED]** suitability under Chapter 4.4 of the Guide for New Listing Applicants of the Hong Kong Stock Exchange (the "Guide"). Our Directors and the Joint Sponsors, after due inquiry and consultation with C&F, are of the view that the Entity List designation does not have a material adverse effect on our business and operations, or **[REDACTED]** suitability under Chapter 4.4 of the Guide.

SANCTIONS RISKS, TARIFFS AND OUTBOUND INVESTMENT RULE

Impact of Certain Sanctions Regime

Our Legal Advisor on international sanctions laws has conducted a sanctions screening of our suppliers and customers using the Dow Jones Sanctions Screening Database. Based on this review, we have confirmed that: one of our suppliers was listed on the NS-CMIC list (the "Relevant Transactions"). But it is not designated on the OFAC SDN List.

Under the current OFAC regulatory framework, designation on the NS-CMIC List does not constitute a blocking sanction and does not prohibit general commercial dealings with the designated entities by either U.S. or non-U.S. persons. In particular:

- There is no general prohibition under current OFAC rules on transacting with NS-CMIC entities, unless such transactions involve publicly traded securities of such entities (which is not the case here). See "Regulatory Overview—OFAC NS—CMIC sanctions framework".

- According to OFAC FAQ No. 857, the "50 Percent Rule"—which extends SDN status to non-listed entities owned 50% or more by SDNs—does not apply to NS-CMIC listings.

The Relevant Transactions with the above-mentioned counterparty primarily relate to non-controlled products and services, including smart city software and video analytics infrastructure. No U.S. nexus—such as U.S.-origin controlled content, U.S. persons, or U.S. dollar clearing—has been identified in connection with these transactions.

Accordingly, our commercial dealings with the NS-CMIC designated entity are not prohibited under applicable U.S. or international sanctions laws and do not present a material compliance risk under the current regime.

Impact of the U.S. Tariffs

Since February 2025, the U.S. administration has cumulatively imposed additional 145% tariffs on Chinese imports. See "Regulatory Overview—Regulations on Tariffs." During the Track Record Period, we do not generate any revenue or procured any raw materials or components from the U.S. Given our limited export and import activities during the Track Record Period, our Directors believe that the recent tariffs have had no material or immediate direct or indirect impact on our supply chain, production, operations, and financial performance during the Track Record Period. Our Legal Advisor on international sanctions laws is also of the opinion that as no material order cancellations, revenue shortfalls, or project delays attributable to tariff fluctuations have been observed, the impact of the current U.S. tariff regime is not expected to materially impair our overall business operation or financial performance, nor does it impair our suitability for **[REDACTED]**.

Impact of the U.S. Outbound Investment Rule

Based on the nature of our operations and corporate structure, our Company does not engage in any "covered activity" as defined under the OIR to the extent assessed by us based on our current business operations, product features and intended use cases as of the Latest Practicable Date. We engage in the development of AI systems primarily designed to support operational optimization and efficiency-driven use cases, including smart public transportation solutions, smart urban management applications and consumer- and device-side AI applications. Such systems are designed for operational efficiency, management support and consumer-facing applications and are not developed or marketed for exclusive use in large-scale mass-surveillance end uses, such as nationwide facial or portrait recognition systems, geolocation tracking across large populations or surreptitious monitoring tools, nor are they designed to meet the computing power thresholds associated with advanced AI training activities referenced under the OIR.

For the avoidance of doubt, the OIR is a U.S. outbound investment regime that regulates certain investment activities of U.S. persons, and does not directly regulate our business operations as a PRC issuer. Accordingly, the OIR primarily operates as a restriction on U.S. persons' investment activities and does not impose direct regulatory restrictions on our business operations. During the Track Record Period, our revenue was derived from our domestic operations and did not depend on U.S. persons as customers or investors.

We have implemented measures to restrict participation by U.S. Investors in the **[REDACTED]**. The Directors are of the view that, while the OIR may affect the participation of U.S. Investors, it has not had, and is not expected to have, a material adverse impact on our business operations, financial performance or the orderly completion of the **[REDACTED]**.

Notwithstanding the foregoing assessment of our business activities, the Listed Entity was designated on the Entity List governed by BIS, due to its alleged involvement in activities enabling high-technology surveillance, which suggests that certain of our AI systems may be viewed by U.S. authorities as being "designed to be used for, designed to be exclusively used for, or intended to be used for mass surveillance end use." If so, our Legal Advisor on international sanctions laws is of the view that, the Listed Entity may be deemed a "covered foreign person", and the **[REDACTED]** is a Covered Transaction and that U.S. Investors as defined in the Final Rule, including U.S. underwriters and U.S. Investors procured by the **[REDACTED]**, will be prohibited from purchasing our Shares in this **[REDACTED]**. In addition, a U.S. parent of a non-U.S. Investors that purchases our Shares in this **[REDACTED]** will also be prohibited from doing so.

However, such restrictions relate to the compliance obligations of U.S. persons under the OIR and do not, by themselves, impose direct restrictions on our operations, product development, service delivery or revenue-generating activities. While purchases of our Shares in this **[REDACTED]** by U.S. Investors will likely be subject to the prohibition, ordinary secondary trading in our Shares will be able to rely on the Publicly Traded Securities Exception, and the prohibitions will not be applicable to those trades. Neither we nor the **[REDACTED]** for this **[REDACTED]** nor our Legal Advisor on

international sanctions laws are advising investors on compliance with the Final Rule, and any investor that is uncertain about the Final Rule's application to its purchase of Shares in this **[REDACTED]**, should consult its own counsel.

AWARDS AND RECOGNITIONS

We have established strong brand and reputation with our technological capabilities and trustworthy products and services. The following table sets forth certain significant awards and recognition we have received.

Awarding Year	Award/Recognition	Issuing Organization
2024	CITE 2024 Most Valuable Investment Top 30—Trophy (CITE2024最具投資價值Top30—獎杯)	China International Electronic Information Expo Committee (中國電子信息博覽會組委)
2024	2024 Forbes China Top 50 AI Technology Companies (2024福布斯中國人工智能科技企業Top50)	Forbes (福布斯)
2023	China Electronics Society Science and Technology Award—First Prize (中國電子學會科學技術獎一等獎)	China Electronics Society (中國電子學會)
2024	Special Prize of Guangdong Provincial Science and Technology Progress Award (廣東省科技進步獎特等獎)	Guangdong Provincial People's Government (廣東省人民政府)
2023	Outstanding case from the 2023 "Data+" Industry Application Practice Cases Collection (2023年"數據+"行業應用實踐案例集優秀案例)	China Academy of Information and Communications Technology (中國信息通信研究院)
2022	2022 Smart City Pioneer Awards—Outstanding Case Excellence Award (2022年智慧城市先鋒榜優秀案例優秀獎)	China Smart City Conference Organizing Committee (中國智慧城市大會組委會)
2022	Wu Wenjun Artificial Intelligence Science and Technology Award First Prize of Science and Technology Progress Award (吳文俊人工智能科學技術獎科技進步獎一等獎)	Chinese Association for Artificial Intelligence, CAAI (中國人工智能學會)

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceeding pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations and financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a

material adverse effect on our business, results of operations and financial condition. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, save as disclosed otherwise, we had complied with the relevant PRC laws and regulations in all material respects.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe that strong management on environmental, social and corporate governance ("ESG") is essential to the sustainability of our business. We have made numerous ESG endeavors to create value not only for our customers and us but also for our employees, our communities and the society. We recognize the importance of robust ESG policies and practices in fulfilling our corporate mission and goals, which in turn drives enduring value for our stakeholders.

Our Governance Structure

In accordance with the standards outlined in Appendix C2 of the Listing Rules, we will gradually refine a comprehensive environmental, social, and corporate governance (ESG) policy framework, encompassing ESG risk management, climate-related risks and opportunities, key performance indicators ("KPIs"), and their measurement and mitigation measures. Our ESG policy will reflect responsibility and authority in managing various ESG matters.

Prior to the **[REDACTED]**, we will complete the restructuring of the functions of our committees, whereby the existing "Board Strategy Committee" will be formally renamed "Strategy and ESG Committee." This Committee will be responsible for assessing and reviewing ESG-related risks and opportunities, formulating ESG objectives, strategies, and management policies, regularly monitoring the implementation progress and performance of ESG initiatives, and reporting to the Board on a periodic basis. An ESG Working Group will be established under the Committee to oversee the specific implementation of ESG policies. Meanwhile, with regard to existing and emerging material ESG issues, our ESG report will be released annually, and the Board will review major ESG issues.

The Board will directly participate in reviewing ESG-related systems and risks, be responsible for formulating our overall ESG vision, regularly evaluate existing strategies, objectives, and internal control mechanisms, and conduct systematic assessments of ESG risks. We have engaged an independent third-party institution to provide professional advisory services, and formulate corresponding mitigation plans for all identified material ESG risks, and the Board will monitor the implementation progress of such plans.

In addition, about the Diversity policy of the Board, see "Directors and Senior Management—Diversity Policy of the Board of Directors" for details.

ESG Materiality Assessment

The Board attaches great importance to environmental, social, and governance (ESG) materiality assessment, considering it a core component of sustainable development management. Upon the **[REDACTED]**, driven by "the Strategy and ESG Committee," the Board is responsible for approving major ESG issues that may affect our business development and fully overseeing the implementation progress of relevant management measures. The committee will review the ESG assessment results and implementation progress annually and report the overall situation to the Board. Under the guidance of the committee, the ESG Working Group will specifically implement relevant work, conduct comprehensive ESG issue identification and assessment by integrating dynamic factors such as external ESG policies and regulations, climate change, market trends, as well as internal factors including business operations and financial performance, and report to the committee on a regular basis.

The materiality assessment process involves issue identification, stakeholder engagement, and prioritization. We will consolidate the results to form an annual materiality assessment outcome. During this process, we will systematically identify potential risks and opportunities based on internal and

external environments, compile a preliminary list of material issues, conduct regular consultations with key stakeholders, and collect feedback through surveys. The final determination of annual material issues and their prioritization will be based on both stakeholder input and management evaluation.

We will continuously develop quantifiable ESG metrics. Based on the assessment outcomes, we will set measurable indicators for each material issue to monitor risk exposure and management performance. The Board will oversee the actual and potential impacts of ESG risks on business operations, development strategies, and financial performance.

We will proactively identify and address medium- to long-term ESG risks and opportunities, and will integrate climate-related issues into business and financial planning. Currently, based on the characteristics of our core business, significant emissions and waste do not constitute material ESG risks. Key resources consumed include electricity and water, measured using intensity metrics such as total electricity consumption, total water usage, and energy consumption per unit of revenue. We strictly comply with cybersecurity and data privacy laws and regulations in China, aiming to avoid compliance and financial impacts resulting from data security incidents. Metrics such as the annual number of data breaches, associated financial losses, and employee training coverage on data security and privacy will be established to monitor performance.

ESG Goals

The Board will review major ESG key performance indicators (KPIs) annually to ensure they align with our overall strategy and phased needs. As the review body for ESG performance targets, the special committee, by considering the internal and external environment, industry trends and actual operations, will compare quantitative targets with historical data to ensure the targets are in line with our operation management and long-term strategy and reasonably achievable. As the target formulation and implementation body, the ESG working group will take historical data as an important reference when setting targets, will take into account future business expansion and development layout, will strive to balance business growth and ESG target achievement, and will advance the implementation of the sustainable development strategy.

From the perspective of sustainable development, we will continue to monitor energy consumption to mitigate environmental impacts, and further improve ESG risk management based on existing ESG-related performance indicators and ESG measures to be implemented in the future.

Energy Consumption and Waste

During the track record period, we assessed our environmental performance by understanding our environmental footprint. The most significant energy consumption included electricity and water consumption.

The table below sets out an analysis of our electricity consumption for the indicated periods.

Category	Indicator	Unit	2023	2024	2025
Greenhouse Gases	Total Greenhouse Gas Emissions	tCO2e	1,778.262	1,833.729	2,067.699
	Total Greenhouse Gas Emissions per Unit of Revenue	tCO2e/RMB thousand	0.0035	0.0020	0.0015
Electricity Consumption	Total Electricity Consumption	Kwh	3,036,649.990	3,131,368.444	3,530,906.433
	Total Electricity Consumption per Unit of Revenue	Kwh/RMB thousand	6.00	3.41	2.64
Water Consumption	Total Water Consumption	Ton	35.52	62.01	60.81
	Total Water Consumption per Unit of Revenue	Ton/RMB thousand	0.000070	0.000068	0.000045

Although we do not face material environmental or climate-related risks, we remain committed to reducing energy consumption through a series of targeted policies, thereby contributing to environmental protection efforts. We will use energy consumption tracking as an important means to assess the effectiveness of our environmental protection measures, and will continue to monitor energy consumption in the future to re-evaluate the efficiency of electricity and water use in our operations. We will implement the following measures in our business operations:

- Conduct internal promotions to enhance employees' awareness of energy conservation, carbon reduction and environmental protection.
- Advocate environmental protection actions in daily office work, such as saving electricity, water and paper, and promoting green commuting.
- Post energy-saving reminder slogans in office areas to remind employees to turn off lights and computer monitors when not in use.
- Install sensor faucets to reduce water waste.
- Recycle printer toner cartridges for secondary use.

Employment

We place great emphasis on talent development and the protection of employees' rights and interests, adhering to a people-oriented philosophy and regarding our employees as a core driver of our sustainable development. As of December 31, 2025, our workforce demonstrates diversity across dimensions such as gender, age, and professional background. Specific data are presented as follows:

Gender	Number of People	Proportion
Male	770	77.39%
Female	225	22.61%
Total	**995**	**100%**

Age	Number of People	Proportion
Under 30 years old (excluding 30)	340	34.17%
30–40 years old (including 30, excluding 40)	490	49.25%
40–50 years old (including 40, excluding 50)	161	16.18%
50–60 years old (including 50, excluding 60)	4	0.40%
60 years old and above	0	0.00%
Total	**995**	**100%**

Education Background	Number of People	Proportion
Doctoral Degree	14	1.41%
Master's Degree	231	23.22%
Bachelor's Degree	507	50.95%
Below Bachelor's Degree	243	24.42%
Total	**995**	**100%**

We are firmly committed to full compliance with all applicable domestic and international laws and regulations, and we prioritize the health and safety of our employees and communities within our operational and management framework. We strictly adhere to domestic legislation including the Labor Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and will establish a comprehensive compliance management system covering the entire employee lifecycle from recruitment and employment to welfare and separation.

Diversity, including but not limited to gender diversity, is essential to our success in the business environment. We actively promote inclusivity and equality among employees from diverse backgrounds and prohibit discrimination based on age, gender, disability, citizenship, or other factors. We will implement transparent and fair recruitment, compensation, and promotion systems, explicitly prohibiting any form of discrimination or harassment based on gender, nationality, ethnicity, race, disability, religion, marital status, or similar grounds. We uphold the principle of equal pay for equal work between male and female employees.

We offer market-competitive compensation packages to attract and retain outstanding talent, and we continuously strive to enhance managerial transparency and fairness. Anonymous feedback channels will be available to encourage employees to communicate openly and submit suggestions for improvement. Comprehensive welfare provisions will be offered, including facilities such as nursing and rest areas, with systematic attention paid to employees' physical and mental wellbeing. Throughout the Reporting Period, we did not experience any material labor disputes, and all employment practices complied with applicable national and international labor standards, reflecting sound compliance and social responsibility.

We highly value our employees' career development. In recruitment, training, and career advancement, we treat all employees with equality and respect, ensuring equal access to training and development opportunities. We prioritize positive employee relations and handle labor disputes in strict accordance with applicable laws and regulations. To further strengthen transparency and fairness in management, an anonymous email feedback mechanism will be established to encourage communication with the human resources department and solicit suggestions for continuously improving corporate decisions and the employee experience. From the Reporting Period to the date of this document, no material labor disputes have occurred.

We are dedicated to full compliance with all applicable laws and regulations and actively work to prevent and mitigate hazards and risks that may affect employees' health. We have obtained ISO 45001 Occupational Health and Safety Management System certification, reinforcing health protections throughout employees' occupational lifecycle. We will actively refer to international standards and best practices such as the International Labour Organization (ILO) Conventions, will implement standardized management of working hours and leave arrangements, and will firmly safeguard employees' legitimate rights and interests. Through regular health check-ups, occupational safety training, and optimization of the working environment, we will systematically enhance physical and mental health protections and will strive to build a safe, inclusive, and sustainable workplace.

We aim to establish and improve long-term incentive and restraint mechanisms, including the implementation of a restricted share incentive plan to attract and retain outstanding and core talents. These efforts are designed to fully stimulate employees' enthusiasm and creativity, enhance team cohesion and our core competitiveness, and closely align the interests of shareholders, ours, and employees'.

Community Relations

We consistently adhere to the principle of deeply integrating corporate development with social responsibility, faithfully fulfilling our role as a corporate citizen, and working collaboratively to promote the co-creation of social value. We participate in rural revitalization, support the development of rural infrastructure, and were awarded the "Caring Enterprise" plaque by the Bao'an Industrial and Information Bureau of Shenzhen. We also engage in co-building "Charity Homes," organize AI science outreach activities in Shenzhen schools, and dedicate efforts to technology-enabled charity and AI popular science education.

As the president unit of the association to which IYRC belongs, we provided comprehensive technical support—including AI chips and large-scale models—for the 12th IYRC International Youth Digital Creative Robot Invitational Exhibition.

Supply Chain Management

We will continuously enhance our supply chain sustainability management capabilities, will commit to integrating Environmental, Social, and Governance (ESG) requirements into the supply chain management system, will actively advance the risk management and control of suppliers' environmental and social responsibilities, and will strive to incorporate ESG indicators such as green low-carbon practices and social responsibilities into the supplier performance evaluation system, so as to contribute to the improvement of the overall sustainability level of the supply chain.

Business Ethics

We will consistently adhere to compliant operations and have established a regulatory framework centered on anti-corruption and business ethics. We will continuously improve internal control and audit procedures, will actively conduct fraud risk assessments, and will provide integrity and data ethics training for all employees. By leveraging technological means, we will strengthen oversight over key business processes to ensure our sustainable and healthy development.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our sales and receipts management, such as customer background check, price setting, contract management and accounts receivable management. In addition, we have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethics and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to evaluate our internal control system in connection with the **[REDACTED]**. The internal control consultant has conducted review procedures on our internal control system in certain aspects, including sales and receipts management, marketing management, procurement and payments management, outsourcing management, production management, inventory management, fixed assets management, intangible assets management, operating expenditure and payments management, human resource management, cash management, financial reporting management, tax filing management, business license and regulatory compliance management, insurance management, research & development management, environmental management, information technology system management, intellectual property management and contract management. Our internal control consultant did not identify any material internal control weakness or failure in reviewing our internal control system. Our internal control consultant put forward recommendations in July 2025 based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our remedial measures in July 2025 and did not identify any material deficiency in our internal control system. After considering the remedial measures that we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, our ability to retain and grow our customer base and usage, our capability to enhance or upgrade our existing products and services and introduce new ones, our ability to respond to technological changes, competition in the relevant industries, and our ability to successfully expand to and develop market recognition in various industry sectors. See "Risk Factors" for disclosures on various risks we face. In addition, we face numerous market risks, such as foreign currency risk, credit risk and liquidity risk that arise in the ordinary course of our business. See "Financial Information—Quantitative and Qualitative Disclosures about Market Risks" for details.

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management—Board Committees—Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

BUSINESS SUSTAINABILITY

Our Historical Results of Operations

Our revenue was RMB506.0 million, RMB917.4 million and RMB1,339.3 million in 2023, 2024 and 2025, respectively. According to the CIC Report, we are a top three industry leader for full-scenario AI inference chip-related products and services in China in terms of the relevant revenue in 2025. We are also a top three provider of NPU-powered AI inference chip-related products and services in China in terms of the relevant revenue in 2025, according to the same source. China's AI Inference chip-related products and services industry has experienced explosive growth, expanding from RMB19.3 billion in 2021 to RMB305.0 billion in 2025, at a CAGR of 99.4%, and is expected to reach RMB2,109.7 billion by 2030, at a CAGR of 47.2% from 2025 to 2030, according to CIC. Benefiting from our market leadership in China's AI inference chip-related products and services industry market and the advantages of our technology advancement in AI inference capabilities, we believe we can further scale up our business and capitalize on the market opportunities by continually enhancing and expanding our products and services, diversifying our use cases and growing our customer base. We also believe that our robust R&D capabilities will serve as the foundation of our long-term success in multiple use cases.

However, we experienced fluctuations in gross profit margin and net loss during the Track Record Period. Our gross profit margin was 23.5%, 20.9% and 27.5% in 2023, 2024 and 2025, respectively. Our gross profit margin decreased from 23.5% in 2023 to 20.9% in 2024, primarily due to (1) changes in our product and service mix, as we began to engage in the consumer-class scenario business through the acquisition of D-infuture Tech in April 2024, (2) decreased revenue contribution from relatively higher-margin IP licensing services for enterprise-class scenario, and (3) our strategy of more selectively pursuing new projects amid an overall declining downstream demand primarily driven by customer fiscal planning shifts for industry-class scenario. Our gross profit margin increased from 20.9% in 2024 to 27.5% in 2025, primarily driven by the enhanced gross profit margin of the enterprise-class scenario, as we secured premium contracts with certain new customers for our computing power services. We recorded net loss of RMB384.1 million, RMB572.2 million and RMB411.8 million for 2023, 2024 and 2025, respectively. Our net loss increased from RMB384.1 million in 2023 to RMB572.2 million in 2024, primarily due to the increases in (1) cost of sales, primarily due to the increase in cost of inventories and depreciation and amortization in line with the increased sales and services as a result of our business expansion, (2) research and development expenses, as we heavily invested in our R&D initiatives as we invest into chip design activities, and

(3) administrative expenses, along with ourbusiness growth. The increases in research and development expenses and administrative expenses were also driven by the increase in share-based payment expenses for administrative personnel and R&D personnel according to the vesting schedule of restricted A-Share incentives. Our net loss decreased from RMB572.2 million in 2024 to RMB411.8 million in 2025, primarily due to (1) the increase in revenue by 46.0% from RMB917.4 million in 2024 to RMB1,339.3 million in 2025, mainly as results of the increases in revenue from (i) the enterprise-class scenarios, driven by the increased sales of our computing power services and AI inference chips and related products, and (ii) the consumer-class scenarios, driven by the launch of new products for consumer-class scenario from late 2024 and resultant sales growth, (2) the decrease in selling and distribution expenses by 6.9% from RMB176.3 million in 2024 to RMB164.2 million in 2025, mainly as results of (i) the decrease in employee benefit expenses, as we streamlined our team structure to enhance operating efficiency, and (ii) the decrease in business development expenses, mainly as a result of the narrowing marketing efforts for our enterprise-class business segment, and (3) the decrease in administrative expenses by 16.0% from RMB260.8 million in 2024 to RMB219.1 million in 2025, mainly as a result of the decrease in employee benefit expenses, mainly driven by the effect of team streamlining. For details, see "Financial Information — Period to Period Comparison of Results of Operations." As a result, we recorded accumulated losses of RMB2.6 billion as of December 31, 2025, primarily due to the net losses incurred in our history of developing our business, which were primarily attributable to (1) cost of sales, including primarily increased inventory costs and depreciation and amortization driven by our business expansion, (2) sustained significant investment in R&D since our inception, and (3) share-based payment expenses for administrative personnel and R&D personnel according to the vesting schedule of restricted A-Share incentives. To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use adjusted net loss (non-IFRS measure) as additional financial measure. We define adjusted net loss (non-IFRS measure) as loss for the period adjusted for share-based payment expenses and **[REDACTED]**. In 2023, 2024 and 2025, we recorded adjusted net loss (non-IFRS measure) of RMB297.5 million, RMB382.6 million and RMB282.5 million, respectively. See "Financial Information—Non-IFRS Measure" for a reconciliation of our loss for the year/period to adjusted net loss (non-IFRS measure).

In addition, we also experienced fluctuations in net assets and net current assets during the Track Record Period. Our net current assets was RMB3,760.3 million, RMB2,196.8 million and RMB2,671.2 million as of December 31, 2023, 2024 and 2025, respectively. Our net current assets were subject to fluctuations during the Track Record Period, primarily due to (1) changes in financial assets at FVTPL, including both increases from investment proceeds and decreases from redemptions of wealth management products and structured deposits, (2) changes in cash and cash equivalents and time deposits, particularly following the receipt and subsequent deployment of funds from our A-Share listing, and (3) increases in current liabilities, including trade and bills payables, and current portion of borrowings, in line with the expansion of our operations. Our net assets was RMB4,378.6 million, RMB3,946.0 million and RMB3,805.5 million as of December 31, 2023, 2024 and 2025, respectively. Our net assets was subject to fluctuations during the Track Record Period, primarily due to (1) the material fluctuations of our net current assets, (2) increases in property, plant and equipment, primarily driven by the procurement of computing power servers, and (3) increases in non-current portion of borrowings. For details, see "Financial Information—Discussion of Major Balance Sheet Items." See "Risk Factors—Risks Relating to Our Business and Industry—We have incurred net loss, fluctuated gross profit margin, and negative operating cash flow and we may not be able to achieve or maintain profitability in a short time."

Furthermore, we recorded both net operating cash outflows and inflows during the Track Record Period. Our net cash used in operating activities was RMB541.0 million and RMB294.5 million in 2023 and 2024, respectively. We recorded net cash used in operating activities in 2023 and 2024, primarily due to changes in working capital that negatively affected our cash flows, including primarily decreases in trade payables and other payables, increases in inventories, increases in trade and other receivables, and decreases in deferred income. We recorded net cash generated from operating activities of RMB265.8 million in 2025, primarily due to the adjustments by certain items, including depreciation of property, plant and equipment, share-based payment expenses, net provisions for impairment losses under ECL model, impairment loss on non-current assets classified as held for sale, fair value gain on financial assets at FVTPL, and depreciation of right-of-use assets. For details, see "Financial Information—Liquidity and Capital Resources—Cash Flows—Net cash generated from/(used in)

operating activities." See "Risk Factors—Risks Relating to Our Business and Industry—We have incurred net loss, fluctuated gross profit margin, and negative operating cash flow and we may not be able to achieve or maintain profitability in a short time."

We expect that our loss position will be significantly alleviated as we gradually expand our consumer-class business alongside our enterprise-class operations, driving increased revenue from sales of consumer-class products and inference chips and providing service of computing power and IP licensing under our enterprise-class scenario. However, we expect to continue to incur net loss in the short term, primarily due to (1) our continued R&D efforts, including primarily attracting, retaining and cultivating our R&D team for the development of AI inference chips and related products, and (2) our increased operating expenses to support business expansion. We are also making ongoing investments in R&D innovation in AI inference chip-related products and services and other key technologies, with the expectation that these investments will enhance our operating leverage in the long run. As elaborated in more details below, we expect to improve our gross profit margin through further enhancements and innovations of our products and services in areas in which we have greater competitive advantages, as well as strategic optimization of our use cases, customer base and revenue mix. We also expect to improve our net margin by enhancing our operating efficiency.

Path to Profitability

We expect to achieve profitability by driving revenue growth, improving gross profit margins, and optimizing operating expenses. Our strategy focuses on three key areas. First, we will seize opportunities in the rapidly expanding AI and embodied intelligence sectors, leveraging market dynamics to maintain pricing power. Second, we will diversify our product portfolio to meet distinct needs. Third, we aim to strengthen our customer base by leveraging our R&D capabilities to gain forward-looking insights into client requirements.

Driving our revenue growth

Seizing market growth opportunities

Our revenue growth will depend on the overall development of China's AI inference chip products and services, as well as our ability to expand our customer base and increase their procurement from us, which, in turn, relies on the competitive advantages of our AI inference chip in these use cases and the breadth and depth of the use cases we serve. The NPU-powered market size grew from RMB1.2 billion in 2021 to RMB62.1 billion in 2025, with a CAGR of 167.4%, and is projected to climb to RMB701.2 billion by 2030, reflecting a CAGR of 62.4% during 2025 to 2030. In particular, during the Track Record Period, revenue from consumer-class business contributed considerably to our total revenue, and revenue from enterprise-class business generally increased as a percentage of our total revenue. In 2023, 2024 and 2025, revenue from consumer-class business accounted for nil, 44.2% and 46.6% of our total revenue, respectively, and revenue from enterprise-class business accounted for 6.2%, 27.1% and 40.0% of our total revenue, respectively.

Expanding product portfolio and strengthening customer base

We will continue to enhance and expand our AI inference-related products and services. We plan to expand our enterprise-class business, including sales of AI inference chips and related products, computing power services and IP licensing services. We expect that the revenue from our AI inference chips will grow significantly in 2026, 2027 and onward following large-scale tape-out, leveraging their performance advantages in computing efficiency, adaptability across terminal-edge-cloud deployments, strong localization capabilities, and rising enterprise adoption. The following illustrates how our AI inference chips are positioned to drive our revenue growth.

- *DeepEdge series.* Over the long term, we expect procurement volumes for *DeepEdge10* series inference chips to maintain steady growth, supported by continued penetration of edge large model applications, which is expected to drive revenue expansion across both enterprise-class and consumer-class depending on specific application scenarios. In terms of our marketing plan, *DeepEdge10* series inference chips had already been adopted in multiple

robotic edge-level deployments as of the Latest Practicable Date, supporting on-device perception, planning and control with high energy efficiency. This proven track record and technology accumulation in edge robotics provides a solid foundation for our next-generation embodied intelligence-oriented product line, *DeepXBot* series inference chips.

- *DeepVerse series.* We plan to launch *DeepVerse* series inference chips to enable cloud-based large model inference and fine-tuning with high efficiency and cost-effectiveness. We expect the tape-out, mass production and delivery of first *DeepVerse* series inference chips to occur within 2027, with multiple subsequent iterations of *DeepVerse* series inference chips to enter into tape-out, mass production and delivery within the next four years. Designed with an advanced, highly parallel architecture optimized for large-scale data processing and fully compatible with the mainstream ecosystem, the *DeepVerse* series inference chips are engineered to deliver high utilization and ease of migration for mainstream AI workloads. In addition, the integration of high-performance 3D memory provides substantially increased on-chip storage capacity, ultra-high bandwidth and low latency, enabling *DeepVerse* series inference chips to support the intensive computation and memory demands of large-scale model inference and fine-tuning in a cost-efficient manner. These technical advantages position *DeepVerse* series inference chips as a competitive infrastructure choice for enterprises seeking scalable, production-grade AI deployment. In terms of our marketing plan, we plan to enter into strategic collaborations with leading enterprise management cloud SaaS providers to broaden our customer reach.

- *DeepXBot series.* We plan to launch *DeepXBot* series inference chips primarily for embodied intelligence applications to enable rapid deployment of various robotic algorithms, including primarily visual recognition, speech recognition, and natural language understanding. We expect the tape-out, mass production and delivery of first *DeepXBot* series inference chips to occur within the next three years. *DeepXBot* series inference chips are being designed to deliver substantial improvements in computing throughput, energy efficiency and memory capacity compared with our current product generations, enabling support for more complex real-time inference workloads in advanced edge-level applications. These specifications are designed to meet the technical requirements and the R&D needs of embodied intelligence companies. In terms of our marketing plan of *DeepXBot* series inference chips, we intend to adopt a strategy to build our brand reputation within key vertical industries by reaching leading customers in vertical segments such as robotics sector.

In addition, we plan to expand our consumer-class business, including exploring and expanding the product portfolio of AI-native products and AI-empowered products, leveraging our *IFMind* large model and house design services. The following discussion illustrates how our AI-native products are positioned to drive our revenue growth. Our marketing plan for AI-native products focuses on sales through established China and overseas e-commerce platforms.

- *Dr. LookAi Learning Camera.* First, we intend to focus on launching a number of flagship models of *Dr. LookAi Learning Camera* in overseas markets in 2026. Specifically, with respect to product localization for overseas users, we have completed R&D of multiple language versions and plan to deploy these across multiple models of *Dr. LookAi Learning Camera* scheduled for launch in 2026, and to promote such models broadly in overseas markets. Meanwhile, for the domestic market in China, in January 2026, we launched a lightweight, more affordably priced model, named *Cap* model, which addresses key consumer pain points. We also expect to introduce, in 2026 a higher-end model designed for teenage users and offering more advanced and comprehensive functionalities. We further plan to launch a second-generation of existing flagship model, positioned for children, around mid-2026, incorporating multiple feature enhancements over its first-generation model. Second, we intend to pursue continuous product upgrades and iterations, including the incorporation of generative AI agent capabilities. Third, we plan to adopt a co-branding strategy to leverage collaborations with well-known IPs to both expand our presence in overseas markets and further strengthen our brand influence in the domestic market. In January 2026, we entered into a strategic collaboration with a leading company in the

edu-tech sector and officially launched a co-branded IP model of *Dr. LookAi Learning Camera*. We also plan to continue partnering with other well-known IPs during 2026 to introduce limited-edition co-branded versions for selected models.

- *Dr. LookAi Companion Dog*. We launched *Dr. LookAi Companion Dog* in October 2025, a product which provides children with digitally-empowered companionship. It utilizes multi-modal visual recognition technology to replicate real object feeding scenarios, fostering responsibility cultivation in children.

We also expect that our investments in R&D through, among others, further optimizing *IFIC* infrastructure as the foundation of entire AI inference chip development process and improving our *IFMind*, *Nova* and our inference chips as the core technology supporting our AI inference capabilities, to empower the application in enterprise-class scenarios and consumer-class scenarios in the long term. The market size of China's consumer-class smart devices increased from RMB286.2 billion in 2021 to RMB553.4 billion in 2025, at a CAGR of 17.9%, and is expected to reach RMB1,058.4 billion by 2030 at a CAGR of 13.8% from 2025 to 2030. Leveraging our *IFMind* large model and house design services, we believe we are well-positioned to explore and expand the smart devices market through diversified AI-native and AI-empowered products portfolio.

Improving our gross profit margin

We expect to improve our gross profit margin through further enhancements and innovations of our products and services in areas in which we have greater competitive advantages, as well as strategic optimization of our use cases, customer base and revenue mix.

For our enterprise-class scenario, we intend to focus on the development and commercialization of our AI inference chip candidates, including primarily *DeepVerse* series and *DeepXBot* series. These candidates will be designed to achieve key breakthroughs in advanced processing, high-bandwidth memory, and low power consumption. We expect that our AI inference chip candidates have potential for further improvement to our gross profit margin in the enterprise-class scenario on the following basis.

- *Our strong pricing power.* According to the CIC Report, the AI inference chip-related products and services industry in China is growing rapidly, driven by the proliferation of large models and broadening use cases. However, the supply of qualified high-volume products remains constrained. This imbalance allows us to maintain a degree of pricing power, which is substantiated by our strong historical financial performance. During 2023, 2024 and 2025, our AI inference chips and related products (primarily our *DeepEdge* series) recorded relatively high gross profit margins of 53.3%, 70.3% and 43.4%, respectively. These figures not only demonstrate the high profitability and strong market recognition of our flagship products, but also reinforce our expectation that, subject to prevailing market conditions, we will continue to maintain relatively resilient gross profit margins in enterprise-class scenario deployments.

- *Increasing sales of high-margin chip products.* We anticipate increase in the sales volume and revenue contribution of our AI inference chips, which have historically demonstrated higher gross profit margins, as stated above. We believe that a shift in our revenue mix towards these higher-margin chip products, including our upcoming *DeepVerse* and *DeepXBot* series, will structurally improve our overall gross profit margin in the enterprise-class scenario.

- *Expected economies of scale.* As shipment volumes of our AI inference chips increase, we expect to realize further economies of scale and strengthen our bargaining power with suppliers, which will help optimize procurement costs and further improve our overall gross profit margin in the enterprise-class scenario.

- *Our reasonable and sustainable pricing strategy.* We generally determine the prices of each AI inference chip and related product by reference to then-prevailing market conditions and customer demand, while targeting a benchmark gross profit margin after taking into account the relevant production and procurement costs. Historically, we have adopted this pricing strategy and our gross profit margins for AI inference chips and related products have generally remained at relatively high levels. We consider this pricing strategy to be reasonable and expect it to be sustainable on the following basis. First, the strong and growing market demand for Transformer-based multimodal large models, for which our *DeepEdge* series was designed at the R&D stage and which has already been adopted by some leading customers in. Second, the accumulated customer base and trust established through our previous chip products, which we expect will support our bargaining power and enable us to maintain a target high level gross profit margin for our *DeepXBot* series in line with our historical pricing practice. Third, the competitive advantages of our *DeepVerse* series in the fast-growing cloud inference market, where our X6000 products based on our *DeepEdge10* have already accumulated a certain customer base among internet and terminal customers and have demonstrated competitive performance compared with other similar products. We believe the above factors, together with our ongoing customer engagements, including indicative orders and purchase orders already placed for certain new products, substantiate the market acceptance and rationality of our pricing and support the reasonableness of our expectation that we can maintain relatively high gross profit margins going forward. Accordingly, we consider our future gross profit margin assumptions for our chip products to be reasonable, and believe that we will be able to achieve substantial sales volume growth on the basis of such high gross profit margin levels.

- *Expected diluted depreciation and amortization costs.* In 2025, depreciation and amortization within cost of sales represented 20.2% of our revenue, primarily attributable to computing power services. As our AI inference chips advance through successive iterations and achieve greater scale, we expect economies of scale to substantially dilute these depreciation and amortization costs, thereby contributing to improved overall gross profit margin in the enterprise-class scenario.

For our consumer-class scenario, we have launched AI-native products such as *Dr. LookAi Learning Camera* in December 2024 and *Dr. LookAi Companion Dog* in October 2025 ("*Dr. LookAi products*"), which are currently available on major mainstream e-commerce platforms. As of March 31, 2026, the accumulative sales volume of *Dr. LookAi Learning Camera* had exceeded 110,000 units, with a multilingual model planned for international launch later in 2026. We anticipate a steady improvement in the gross profit margin for our *Dr. LookAi products* on the following basis. First, we plan to further deepen our overseas expansion strategy in 2026 by launching a multi-tier product portfolio tailored for international markets and supporting multiple languages, with a view to further enlarging our overseas customer base and sales scale. As we plan to adopt a more diversified pricing level for the overseas versions of *Dr. LookAi* products while our cost structure will largely remain stable, we expect a steady improvement of our overall gross profit margin for our *Dr. LookAi* products. Second, we plan to introduce value-added service fee models to further enhance per-unit revenue generation and gross margin levels. Third, the growing sales volume of our *Dr. LookAi products* will lead to the gradual realization of economies of scale, and the ability to command better pricing through continuous product upgrades that deliver enhanced interactive features and learning functions. As production scales, we expect unit costs to decrease through optimized procurement, improved manufacturing efficiency, and lower overhead allocation per unit. Fourth, we expect increased brand recognition and customer adoption to reduce relative marketing expenditures, further supporting the expansion of the gross profit margin for our *Dr. LookAi products* over time.

For AI-empowered products, we believe our acquisition of D-infuture Tech is a critical step in which our advanced AI and large model capabilities will empower D-infuture Tech's proven strengths in consumer hardware design and distribution. Our goal is to embed our proprietary AI and large model capabilities into smart devices, reinforcing our conviction that the true revolution in consumer technology lies at the intersection of AI and scalable hardware. We also expect synergies with D-infuture Tech to drive margin recovery, supported by optimized pricing strategies, improved supply chain efficiency, and potential deployment of proprietary chips in consumer-class products.

For our industry-class scenario, we plan to continue to selectively pursue new projects to optimize resource allocation and enhance profitability. Specifically, we plan to assess (1) alignment of customer budget with our service costs and profit expectations, (2) the customer's payment capability and credit history, and (3) the project's overall return profile, including profitability, payback period, and strategic value. Despite historical revenue decline in this segment, we anticipate stabilizing its scale moving forward.

Improving our management of operating expenses

We are in a rapid growth phase, achieving strong revenue and order intake driven by high customer demand and expanding opportunities. Despite temporary losses, following years of substantial upfront investments in R&D, market education, as our AI inference chips and AI-native products have entered commercialization and begun to drive increasing sales volumes, enabling us to achieve significant economies of scale by spreading operating costs across a broader revenue base and positioning us to break even in the near term.

First, we plan to continue to manage our administrative expenses. During the Track Record Period, the percentage of our administrative expenses of our revenue continued to decrease, from 41.0% in 2023 to 28.4% in 2024, and further to 16.4% in 2025. We intend to continually improve our management of operating expenses through detailed budget management and performance monitoring, enabling us to manage overhead costs effectively. For instance, we have implemented a series of written policies to regulate corporate spending and enhance operational efficiency. These policies are supported by digital systems, including the Office Automation (OA) system for travel approvals, the Customer Relationship Management (CRM) system for client management, and the Enterprise Resource Planning (ERP) system for expense reimbursement and financial control. In addition, we have introduced an internal incentive mechanism to encourage employees to identify operational inefficiencies and to propose improvement advice, fostering a culture of continuous operational optimization. We intend to maintain effective control of our ordinary business expenditures, such as our business and traveling expenses, to ensure the efficiency of our day-to-day operations. We also intend to optimize our budget for our specialized expenditures, such as marketing expenses with the improvement in marketing efficiency, and professional services fees, to ensure that they are utilized to meet our objectives. As we further scale up our business, we also expect to enjoy greater economies of scale and operational leverage.

Second, for R&D activities, according to the CIC Report, the chip design value chain is already highly mature that for different nodes of a chip, such as memory, CPUs, computing units and interfaces, many other chip design companies have developed highly specialized IPs. As an industry norm, designers who focus on one node typically license-in mature IP for other nodes, according to the same source. Accordingly, in line with the industry norm, we focus on the design of the computing units, and for other nodes of the chip, we typically license-in mature IPs. Specifically, our IP licensing-in strategy focuses on acquiring certain semiconductor technologies including those in processor architectures, bus interfaces, high-speed protocols, and multimedia processing. Our approach targets IPs that demonstrate robust performance and power efficiency, and are compatible with our design flow and process nodes. We have a proven track record of successfully integrating licensed IPs, such as processors and high-speed interface IP, into previous generations of our AI inference chips. As of the Latest Practicable Date, we had not identified any specific IP targets, while we plan to pursue the licensing of IP for processors compliant with widely adopted industry standards. See "Future Plans and Use of **[REDACTED]**—Use of **[REDACTED]**."

Reusing mature and production-proven IPs is a standard industry practice, as it could shorten R&D cycles and enhance financial performance of chip design companies, according to the CIC Report. In particular, the R&D cycles can be shorten, primarily because (1) mature IPs, particularly CPU cores and interface modules, have complete design, verification and process bring-up, allowing chip design companies to save time and resources of foundational development and validation and reduce the number of re-spins prior to tape-out, and (2) production-proven IPs lower the probability of design defects in critical subsystems, reducing the risk of tape-out failure and related schedule slippage.

Meanwhile, the license-in practice could also enhance financial performance, primarily because it would help chip design companies to (1) lower upfront R&D cash outlay, (2) achieve faster revenue realization, (3) avoid potential patent disputes and associated legal costs of infringing others' IPs.

Third, we also expect a decreasing trend of our selling and distribution expenses ratio, a major component of our variable operating costs, on the following basis:

- *Decreasing upfront business development and marketing and promotion expenses.* Many of our major products, such as AI inference chips and AI-native products still require higher upfront investments in expenses in business development and marketing and promotion. As these products mature, gain wider market recognition and achieve broader deployment and mass volume delivery, we expect the intensity and duration of business development activities and marketing and promotion activities to decrease. In particular, (1) for our AI inference chips, upfront business development expenses are required to deploy our products through upfront testing, software development and customer on-site deployment, and such upfront expenses will decrease once our AI inference chips successfully are deployed and the customer commenced mass purchase; and (2) for our AI native products, upfront marketing and promotion expenses are required to promote our products, such as ecommerce platforms fees and advertising fees, and such upfront expenses will decrease when our products gradually receive market recognition.

- *Deepening penetration into key vertical industries.* By collaborating with leading companies in vertical segments such as robotics, we are able to build our brand reputation and industry recognition within these defined customer groups. As our brand image and credibility accumulate over time, we expect the level of selling and distribution efforts required to acquire new customers in these verticals to decline. In addition, our continued engagement in these verticals enables us to develop a deeper understanding of customer needs and purchasing processes, thereby improving sales efficiency and reducing customer-acquisition costs.

- *Strategic collaborations with industry-leading companies by leveraging shared ecosystem networks.* For instance, we plan to enter into strategic collaborations with leading enterprise management cloud SaaS providers to jointly promote our products and services within shared customer ecosystems. These customers typically offer higher customer value and broader downstream coverage, and, given their already well-established relationships with ecosystem partners, enable us to reach more customers at a lower unit marketing cost.

IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic, which began in 2020 and lasted for over three years, had a notable influence on global industries. The COVID-19 pandemic caused short-term budget constraints for some of our customers but has had no material long-term impact on our business operations and financial performance. Through sustained R&D in AI inference chips and algorithms, we are well-positioned to seize new opportunities and pioneer emerging applications. Overall, our Directors are of the view that the COVID-19 pandemic had no material adverse impact on our business operations and financial performance during the Track Record Period and up to the Latest Practicable Date, particularly in light of the significant revenue growth achieved following the pandemic, driven by our successful growth in multi-scenario applications.