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Application Proof of

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云天励飞

Shenzhen Intellifusion Technologies Co., Ltd.

深圳云天励飞技术股份有限公司

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

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Shenzhen Intellifusion Technologies Co., Ltd. 深圳云天励飞技术股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	: [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED]	: [REDACTED] H Shares (subject to reallocation)
Number of [REDACTED]	: [REDACTED] H Shares (subject to reallocation and the [REDACTED])
Maximum [REDACTED]	: HK\$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and [REDACTED] trading fee of 0.00565% (payable in full on application and subject to refund)
Nominal value	: RMB1.0 per H Share
[REDACTED]	: [REDACTED]

Joint Sponsors, [REDACTED]

HUATAI INTERNATIONAL

CITIC SECURITIES

CMB INTERNATIONAL

[REDACTED]

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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	<i>Page</i>
Expected Timetable	i
Contents	iv
Summary	1
Definitions	14
Glossary of Technical Terms	22
Forward-Looking Statements	26
Risk Factors	27
Waivers from Strict Compliance with the Listing Rules	63
Information about this Document and the [REDACTED]	68
Directors and Parties Involved in the [REDACTED]	72
Corporate Information	76
Industry Overview	78
Regulatory Overview	91
History, Development and Corporate Structure	108
Business	118
Relationship with Our Single Largest Group of Shareholders	190

CONTENTS

	<i>Page</i>
Directors and Senior Management	194
Substantial Shareholders	205
Share Capital	206
Financial Information	208
Future Plans and Use of [REDACTED]	256
[REDACTED]	259
Structure of the [REDACTED]	269
How to Apply for [REDACTED]	277
Appendix I — Accountants’ Report	I-1
Appendix II — Unaudited [REDACTED] Financial Information	II-1
Appendix III — Summary of Articles of Association of the Company	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available On Display	V-1

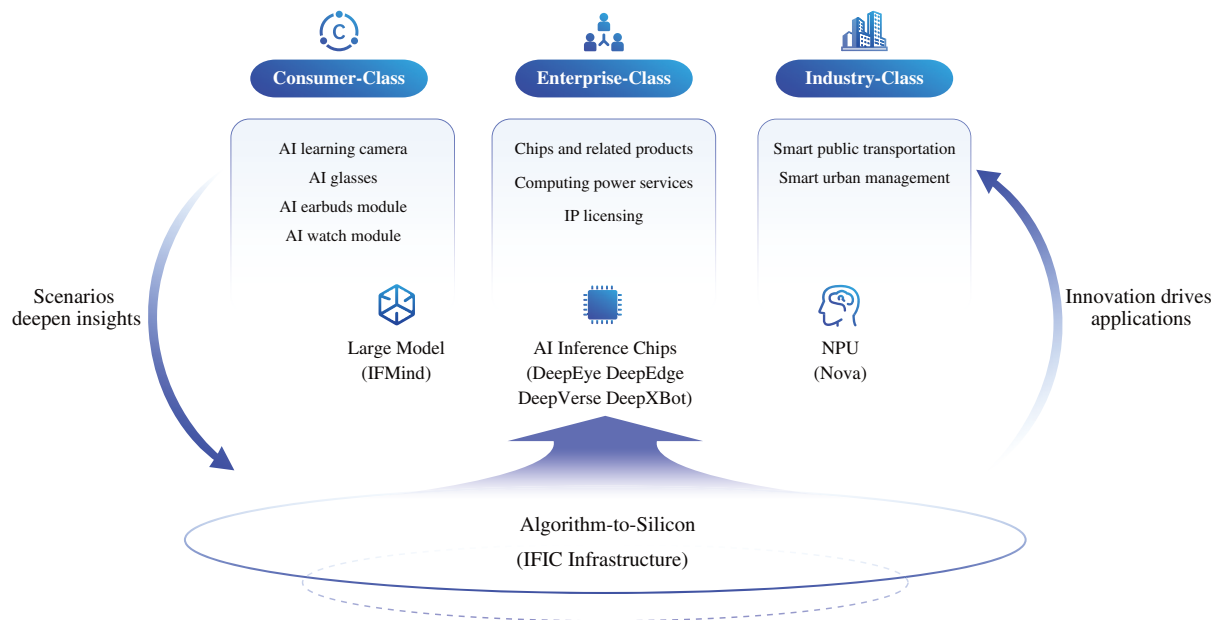
SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a leading AI company in China, dedicated to the design, development and commercialization of AI inference chips⁽¹⁾. 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⁽²⁾ 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⁽³⁾. 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⁽⁴⁾, 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⁾ AI inference is the process of using a pre-trained model, whose parameters have already been derived from training, to execute the intended tasks by processing the new, unseen inputs through its learned patterns or knowledge, and generating outputs, such as predictions, classifications, or decisions. AI inference chip is a specialized integrated circuit designed to execute trained artificial intelligence models with high computational efficiency, minimal latency, and optimized power consumption, focusing exclusively on deriving outputs, such as predictions, classifications, or decisions, from the new, unseen input data.

⁽²⁾ NPU, or neural processing unit, is a microprocessor that specializes in the acceleration of machine learning algorithms, typically by operating on predictive AI models, generative AI models, and reasoning AI models.

⁽³⁾ Our market share in the relevant market was less than 1% in 2025.

⁽⁴⁾ Our market share in the relevant market was approximately 1.1% in 2025.

SUMMARY

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⁽¹⁾ 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 *Hy³CAN* 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, *Hy³CAN* and *IFIE*, we developed our *IFMind* large model for visual, textual and linguistic analysis.

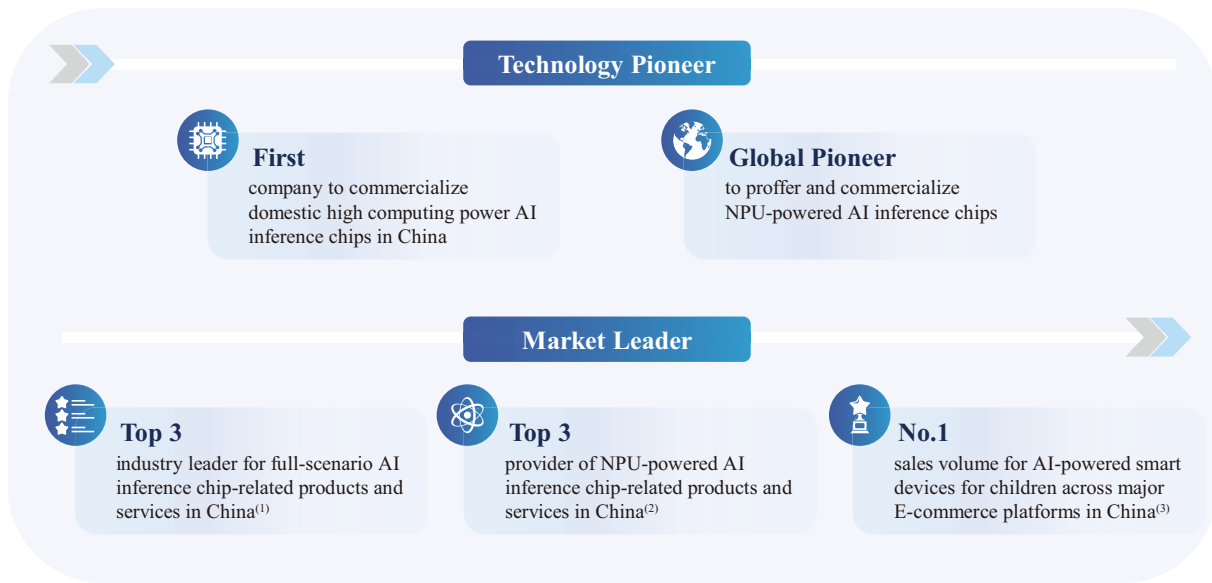
We deploy our products and services to enterprise-, consumer-, and industry-class scenarios, where real-world deployments generate feedback for algorithm refinement and help optimize chip architecture for actual workloads. This virtuous cycle creates a flywheel effect that compounds with each deployment, 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.

⁽¹⁾ Algorithm-to-silicon is a co-design methodology that directly maps computational algorithms to custom silicon architectures, optimizing hardware for specific workloads.

SUMMARY

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.

SUMMARY

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⁽¹⁾, and chip-to-chip mesh torus interconnect, or C2C mesh torus interconnect technology⁽²⁾, creating a modular *AI Computation Blocks*⁽³⁾ 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

⁽¹⁾ Chiplet is a small, modular integrated circuit that encapsulates a specific function, which is designed to be combined with other chiplets within a single package to form a complete system-on-chip (SoC), and to enable integration of multiple chiplets into one package, thereby scaling up the performance of the resulting chip. Die-to-die chiplet, or D2D chiplet technology, is a high-bandwidth, low-latency communication technology that enables multiple chiplets to function as a single integrated system.

⁽²⁾ Chip-to-chip mesh torus interconnect, or C2C mesh torus interconnect technology, is a high-performance, scalable network topology used in multi-chip systems where processing units are connected in a torus or mesh configuration.

⁽³⁾ AI Computation Blocks are specialized hardware units designed to efficiently execute core mathematical operations required for artificial intelligence workloads.

SUMMARY

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 <i>Dr. LookAi Learning Camera</i>, AI glasses, AI Home Hub, and <i>Dr. LookAi Companion Dog</i> • 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

SUMMARY

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.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) pioneer in AI inference chip with strong technological capability and formidable barriers; (2) robust R&D capabilities rooted in algorithm-to-silicon methodology with excellent AI inference efficiency; (3) multi-scenario adaptability with agile market-driven productization; (4) strong brand equity backed by strategic partnerships and deployment experience; (5) early-mover harnessing China’s AI potential with secure, domestic supply chain; and (6) visionary management team and experienced R&D team.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) continue to drive technological innovation in the NPU-powered AI inference computing era; (2) expand product portfolio for critical terminal-edge-cloud application scenarios; (3) enhance upstream and downstream collaboration to integrate industry resources; (4) expand omni-channel sales network to augment our market share; (5) attract, retain and cultivate talents to propel future growth; and (6) selectively pursue strategic collaboration, investment and acquisition opportunities.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of AI companies, internet companies, cloud services providers, electronics manufacturers, telecoms operators, system integrators and public sector customers. 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 “Business—Customers and Suppliers—Our Customers” for details.

Our suppliers primarily include server hosting, cloud computing, software service and other technology service providers. 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. See “Business—Customers and Suppliers—Our Suppliers” for details.

RISKS AND CHALLENGES

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. Some of the major risk factors that we face include: (1) the industries that we operate in are characterized by constant changes, and any failure to stay abreast of technology innovation and continuously advance our products and services to adapt to customers’ needs and advancements in technology may materially and adversely affect our business; (2) we have made significant investment into R&D, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve; (3) the commercialization of AI inference chip-related products and services may fall short of our expectation, which may lead to unsatisfactory market

SUMMARY

development and affect our business operation; (4) AI technologies are constantly developing with evolving regulatory and legal framework, and any flaws or misuse of the AI technologies integrated in our products, services and business operations could have certain negative impact on our business and reputation; (5) we may not be able to adequately protect our intellectual property rights, where uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly; (6) the size of our addressable markets and the demand for our products and services may not increase as expected due to a variety of factors; (7) if we fail to retain existing customers, attract new customers or increase their spending, our business, results of operations and financial condition may be materially and adversely affected; (8) uncertainties with the procurement and spending of our customers could affect our results of operations and growth prospects; (9) if we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected; and (10) our limited operating history and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we may encounter. As different investors may have different interpretations and criteria when determining the significance of a risk, you should carefully read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our H Shares.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information for the Track Record Period and should be read in conjunction with our financial information included in the Accountants’ Report in Appendix I to this document, including the notes thereto.

Summary of Consolidated Statements of Profit or Loss

The following table set forth a summary of our consolidated statements of profit or loss and other comprehensive expense/income in absolute amount as a percentage of our total revenue for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
(RMB in thousands except for percentages)						
Revenue	506,009	100.0	917,372	100.0	1,339,284	100.0
Cost of sales	(387,207)	(76.5)	(725,271)	(79.1)	(971,099)	(72.5)
Gross profit	118,802	23.5	192,101	20.9	368,185	27.5
Loss before income tax	(384,730)	(76.0)	(576,477)	(62.8)	(414,636)	(31.0)
Income tax (expense)/credit	620	0.1	4,308	0.5	2,865	0.2
Loss for the year/period	(384,110)	(75.9)	(572,169)	(62.4)	(411,771)	(30.7)

Our net loss increased from RMB384.1 million in 2023 to RMB572.2 million in 2024, primarily due to (1) the increase in 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, and (2) the increases in research and development expenses and administrative expenses, mainly due to the increase in share-based payment expenses for our R&D personnel and administrative personnel according to the vesting schedule of the restricted A-Share incentives.

Our net loss decreased from RMB572.2 million in the 2024 to RMB411.8 million in 2025, primarily due to the significant increase in our revenue over the same periods, mainly driven by (1) the increased sales of our computing power services and AI inference chips and related products, (2) the acquisition and consolidation of results of operations of D-infuture Tech from April 2024 and the launch of new products for consumer-class scenario from late 2024 and resultant sales growth; and (3) the improvements of our operating efficiency.

SUMMARY

See “Financial Information—Period to Period Comparison of Results of Operations.”

Non-IFRS Measure

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, which is not required by, or presented in accordance with, the IFRSs. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRSs.

We define adjusted net loss (non-IFRS measure) as loss for the period adjusted for share-based payment expenses and [REDACTED]. Share-based payment expenses are non-cash expenses arising from restricted A-Share incentives granted under relevant schemes. [REDACTED] are incurred in connection with the [REDACTED] and [REDACTED]. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the period which is presented in accordance with the IFRSs.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year/period	(384,110)	(572,169)	(411,771)
Add:			
Share-based payment expenses	86,658	189,523	128,658
[REDACTED]	—	—	590
Adjusted net loss (non-IFRS measure)	(297,452)	(382,646)	(282,523)

Revenue

We recorded total revenue of RMB506.0 million, RMB917.4 million and RMB1,339.3 million for 2023, 2024 and 2025, respectively. The following table sets forth our total revenue by application scenarios for the periods indicated, both in absolute amount and as a percentage of our total revenue.

	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 ⁽¹⁾	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

(1) Others primarily include miscellaneous business income, such as income from the provision of repairs and maintenance services.

SUMMARY

Gross profit and gross profit margin

Our gross profit was RMB118.8 million, RMB192.1 million and RMB368.2 million for 2023, 2024 and 2025, respectively, representing a gross profit margin of 23.5%, 20.9% and 27.5% for the same periods, respectively. The following table sets forth our gross profit and gross profit margin by application scenarios for the periods indicated.

	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)						
Enterprise-class scenario	23,638	76.0%	99,903	40.2%	257,101	48.0%
Consumer-class scenario	—	—	45,413	11.2%	85,595	13.7%
Industry-class scenario	90,030	19.2%	39,147	15.4%	23,149	13.3%
Others	5,134	N/M	7,638	N/M	2,340	46.3%
Total	118,802	23.5%	192,101	20.9%	368,185	27.5%

Summary of Consolidated Statements of Balance Sheet

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated.

	As of December 31,		
	2023	2024	2025
(RMB in thousands)			
Total non-current assets	674,528	1,934,307	1,656,917
Total current assets	4,179,055	2,984,189	3,823,638
Total current liabilities	418,768	787,412	1,152,463
Net current assets	3,760,287	2,196,777	2,671,175
Total assets less current liabilities	4,434,815	4,131,084	4,328,092
Total non-current liabilities	56,197	185,131	522,642
Net assets	4,378,618	3,945,953	3,805,450

We experienced fluctuations in net current assets and net assets during the Track Record Period. Our net current assets decreased from RMB3,760.3 million as of December 31, 2023 to RMB2,196.8 million as of December 31, 2024, primarily due to (1) the decrease in financial assets at FVTPL due to our redemption of relevant wealth management products and structured deposits, as well as the decrease in time deposit, and (2) the increases in certain current liability items, mainly including (i) the increase in trade and bills payables, (ii) the increase in the current portion of our borrowings to meet the needs of our expanding operations, and (iii) the increase in other payables and accruals. Net current assets then increased to RMB2,671.2 million as of December 31, 2025, primarily due to the increase in cash and cash equivalents driven by improved operating cash flow, as well as the increase in financial assets at FVTPL, partially offset by the increase in current portion of borrowings.

Our net assets decreased from RMB4,378.6 million as of December 31, 2023 to RMB3,946.0 million as of December 31, 2024, and further to RMB3,805.5 million as of December 31, 2025, primarily due to net loss of RMB572.2 million and RMB411.8 million recorded in 2024 and 2025, respectively, with the reasons abovementioned.

See “Financial Information—Discussion of Major Balance Sheet Items.”

SUMMARY

Summary of Consolidated Statement of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(541,011)	(294,520)	265,826
Net cash (used in)/generated from investing activities	(2,862,887)	600,981	(371,391)
Net cash generated financing activities . . .	3,552,277	78,756	698,737
Net increase in cash and cash equivalents . .	148,379	385,217	593,172
Cash and cash equivalents at beginning of the year	375,167	523,611	908,937
Effects of foreign exchange rate changes . . .	65	109	(143)
Cash and cash equivalents at end of the year	523,611	908,937	1,501,966

We recorded net cash used in operating activities of RMB541.0 million and RMB294.5 million in 2023 and 2024, respectively, 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.

See “Financial Information—Liquidity and Capital Resources—Cash Flows—Net cash generated from/(used in) operating activities.”

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin	23.5%	20.9%	27.5%
Current ratio (times) ⁽¹⁾	10.0	3.8	3.3
Quick ratio (times) ⁽²⁾	9.7	3.5	3.1

(1) Current assets divided by current liabilities as of period end.

(2) Current assets less inventories divided by current liabilities as of period end.

DIVIDEND POLICY

We did not declare any dividends during the Track Record Period. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make.

Pursuant to our Articles of Association, our Board may propose to declare dividends by cash and/or by stock in the future after taking into account our profitability, capital needs and plans on shareholder returns. We may declare cash dividends provided that, among others, our distributable profits of the relevant fiscal year and our accumulated distributable profits are positive, and that we do

SUMMARY

not have significant investment plans or cash expenditures as defined in our Articles of Association. Based on the aforementioned regulatory requirement, as advised by our PRC Legal Advisor, we cannot pay dividend in view of our accumulated losses. If the conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 10% of the distributable profits generated in the relevant fiscal year. Our Board shall also propose customized cash dividend policies based on the industry characteristic, business model, the development stage of our businesses, profitability and capital expenditure plans. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

[REDACTED]

We recorded [REDACTED] of RMB[REDACTED] million in connection with the [REDACTED] during the Track Record Period. We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the [REDACTED] of the indicative [REDACTED] between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes), including (1) sponsor fees and [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (b) other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million of our [REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Dr. Chen controlled approximately 24.96% of the voting rights of our Company, comprising (1) approximately 23.27% beneficially owned by himself directly, and (2) approximately 1.69% beneficially owned by Mingde Zhiyuan, which is wholly owned by Dr. Chen. Upon the [REDACTED], Dr. Chen will control [REDACTED]% of the voting rights of our Company, comprising (i) approximately [REDACTED]% beneficially owned by himself directly, and (ii) approximately [REDACTED]% beneficially owned by Mingde Zhiyuan. Therefore, Dr. Chen, together with Mingde Zhiyuan, were the Single Largest Group of Shareholders of the Company as of the Latest Practicable Date and will be our Single Largest Group of Shareholders upon the [REDACTED].

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since April 4, 2023, our Company has been listed on the Shanghai Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations in any material respects and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respect.

SUMMARY

MAJOR ACQUISITION DURING TRACK RECORD PERIOD

On March 22, 2024, our Company entered into the Share Purchase Agreement with D-infuture Tech and its shareholders, pursuant to which our Company agreed to purchase 100% equity interest in D-infuture Tech at a total consideration of RMB180 million, subject to certain price adjustment mechanism. The acquisition of D-infuture Tech aims to leverage China’s rapidly growing AI market by combining our proprietary AI algorithms and chip technologies with D-infuture Tech’s expertise in wearable IoT devices. As of the Latest Practicable Date, the First Phase Acquisition was properly and legally completed and settled, and all applicable regulatory approvals with respect to the First Phase Acquisition had been obtained. Upon completion of the First Phase Acquisition in April 2024, our Company owns as to 51% in D-infuture Tech. For details, see “History, Development and Corporate Structure—Major Acquisitions and Disposals—Acquisition of D-infuture Tech” and “Financial Information—Financial Information of D-infuture Tech.”

[REDACTED] STATISTICS

All statistics in this table are based on the assumption that (1) the [REDACTED] has been completed and [REDACTED] H Shares are issued pursuant to the [REDACTED], and (2) the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes.

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of December 31, 2025 ⁽²⁾	HK\$[REDACTED] (RMB[REDACTED])	HK\$[REDACTED] (RMB[REDACTED])

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue and outstanding following the completion of the [REDACTED], being the sum of (i) the [REDACTED] of the [REDACTED] A shares of HK\$[REDACTED] million calculated based on the average closing price of HK\$[REDACTED] per A share for the five business days immediately preceding the Latest Practicable Date, and (ii) the [REDACTED] of the [REDACTED] H Shares calculated based on the [REDACTED] as indicated in the table (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at after the adjustments referred to in Appendix II to this document and on the basis that [REDACTED] Shares (representing (i) [REDACTED] in issue as at 31 December 2025; (ii) issued new shares of [REDACTED] in January 2026; and (iii) adding [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on 31 December 2025 without taken into account any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED] and any Shares which may be issued by the Company upon the exercise of any options may be granted under the share incentive scheme or any Shares which may be issued or repurchased by the Company.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED].

SUMMARY

We intend to use the net [REDACTED] we expect to receive from the [REDACTED] for the purposes and in the amounts set out below.

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be allocated to the R&D of AI inference chips and related products and technologies;
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be used to pursue strategic investment and acquisition opportunities;
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be allocated to strengthen our sales and marketing capabilities and reinforce our brand image; and
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

See “Future Plans and Use of [REDACTED]—Use of [REDACTED].”

U.S. Export Control Risks

Although our Company has been designated a Footnote 4 Entity under the U.S. Export Administration Regulations (“EAR”), such designation applies only to our Company and does not extend to the non-listed subsidiaries or affiliates of our Group. To the best of our knowledge, since the effective date of the restrictions, we have not procured, integrated or otherwise used U.S.-origin items subject to the EAR in a manner that requires a license.

Based on the due diligence conducted, our Legal Advisor as to international sanctions laws are of the view that U.S. export control measures have not had, and are not expected to have, any material adverse impact on the Group’s business operations, financial performance or financial condition. 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.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In the first quarter of 2026, we won a tender for a new infrastructure project, in which we will participate in the construction of an AI inference computing cluster using our self-developed domestic AI inference acceleration cards, to provide computing power infrastructure for government digital services and industrial digitalization applications.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since December 31, 2025, being the end date of the period reported in Appendix I to this document.

DEFINITIONS

In this document unless the context otherwise requires the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this document.

“2023 Restricted A Shares Incentive Scheme”	a restricted A Shares incentive scheme approved at second extraordinary general meeting of the Company held on October 13, 2023, under which 9,387,500, 71,400 and 1,602,700 restricted A Shares were granted to 233, 4 and 19 participants on December 6, 2023, April 25, 2024 and August 26, 2024, respectively
“2025 Restricted A Shares Incentive Scheme”	a restricted A Shares incentive scheme approved at third extraordinary general meeting of the Company held on November 17, 2025, under which 3,180,900 restricted A Shares were granted to 105 participants on December 1, 2025
“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.0 each, which are listed on the SSE and traded in Renminbi
“Accountants’ Report”	the accountants’ report for three years ended December 31, 2025 prepared by Baker Tilly Hong Kong Limited, the text of which is set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix III to this document
“ASEAN”	Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
“CAGR”	compound annual growth rate

[REDACTED]

DEFINITIONS

[REDACTED]

“Chengdu Intellifusion”	Chengdu Intellifusion Technologies Co., Ltd. (成都雲天勵飛技術有限公司), a limited liability company established in the PRC on April 17, 2018, our indirect wholly-owned subsidiary
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CIC”	China Insights Industry Consultancy Limited, a professional market research and consulting company, which is an independent third party
“CIC Report”	a commissioned industry report prepared by CIC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “the Company”	Shenzhen Intellifusion Technologies Co., Ltd. (深圳雲天勵飛技術股份有限公司), a joint stock company with limited liability established in the PRC on August 27, 2014 as a limited liability company and later converted into a joint stock company with limited liability on July 23, 2020, these A Shares of which have been listed on the SSE (stock code: 688343)
“Company Law” or “PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSDC (Hong Kong)”	China Securities Depository and Clearing (Hong Kong) Company Limited
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“D-infuture Tech”	Shenzhen D-infuture Technologies Co., Ltd. (深圳市岍丞技術有限公司), a limited liability company established in the PRC on August 29, 2018, in which our Company indirectly holds 51% equity interest, one of our subsidiaries
“Director(s)”	the director(s) of our Company
“Dr. Chen”	Dr. Chen Ning (陳寧), an executive Director, chairman of the Board and general manager and a member of our Single Largest Group of Shareholders

DEFINITIONS

“Dr. LookAi” Shenzhen Dr. LookAi Technologies Co., Ltd. (深圳市嚕味博士科技有限公司), a limited liability company established in the PRC on July 29, 2024, one of our wholly-owned subsidiaries

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Group,” “our Group,”
“the Group,” “we,” or “us” the Company and its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

[REDACTED]

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

“Hangzhou Lifei” Hangzhou Lifei Software Technologies Co., Ltd. (杭州勵飛軟件技術有限公司), a limited liability company established in the PRC on March 12, 2015, one of our wholly-owned subsidiaries

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars,” “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

[REDACTED]

“IFRS”	International Financial Reporting Standards
“Imprexion Data”	Shenzhen Imprexion Data Technologies Co., Ltd. (深圳印像數據科技有限公司), a limited liability company establish in the PRC on February 9, 2018, one of our wholly-owned subsidiaries
“Independent Third Party(ies)”	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

DEFINITIONS

[REDACTED]

“Joint Sponsors”

the joint sponsors of the [REDACTED] of the H Shares on the Hong Kong Stock Exchange as named in “Directors and Parties Involved in the [REDACTED]” in this document

“Latest Practicable Date”

April 22, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

“Lifei New Energy”

Shenzhen Lifei New Energy Technologies Co., Ltd. (深圳勵飛新能源技術有限公司), a limited liability company established in the PRC on October 24, 2023, one of our wholly-owned subsidiaries

[REDACTED]

DEFINITIONS

“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Mingde Zhiyuan”	Zhuhai Mingde Zhiyuan Investment Co., Ltd. (珠海明德致遠投資有限公司), a limited liability company established in the PRC on April 17, 2020, and a member of our Single Largest Group of Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

[REDACTED]

“Overseas Listing Trial Measures”	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	Generally accepted accounting principles of the PRC
“PRC Legal Advisor”	King & Wood, being the legal advisor to the Company as to the PRC laws

[REDACTED]

DEFINITIONS

“Qingdao Intellifusion”	Qingdao Intellifusion Technologies Co., Ltd. (青島雲天勵飛科技有限公司), a limited liability company established in the PRC on December 28, 2017, one of our wholly-owned subsidiaries
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation (國家稅務總局) of the PRC
“SCNPC”	Standing Committee of the National People’s Congress of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, including both A Shares and H Shares
“Share Incentive Schemes”	2023 Restricted A Shares Incentive Scheme and 2025 Restricted A Shares Incentive Scheme
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Lifei”	Shenzhen Lifei Technologies Co., Ltd. (深圳勵飛科技有限公司), a limited liability company established in the PRC on October 19, 2017, one of our wholly-owned subsidiaries
“Shenzhen Turing”	Shenzhen Turing Microelectronics Co., Ltd. (深圳圖靈微電子有限公司), a limited liability company established in the PRC on April 25, 2013, one of our wholly-owned subsidiaries
“Single Largest Group of Shareholders”	the single largest group of Shareholders which comprise Dr. Chen and Mingde Zhiyuan
“SSE” or “Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianfu Lifei”	Chengdu Tianfu Lifei Technologies Co., Ltd. (成都天府勵飛科技有限公司), a limited liability company established in the PRC on March 27, 2023, one of our wholly-owned subsidiaries
“Tianzhou Jincheng”	Chengdu Tianzhou Jincheng Technologies Co., Ltd. (成都天舟錦成科技有限公司), a limited liability company established in the PRC on February 7, 2022, our indirect wholly-owned subsidiary
“Track Record Period”	the period consisting of the three years ended December 31, 2025
“U.S. Investors”	(i) U.S. persons as defined in Rule 902(k)(1) of Regulation S under the US Securities Act or (ii) United States person as defined in 31 CFR Part 850.229, the final rule that implements Executive Order 14105 and became effective in January 2025, which includes any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“%”	Percent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “controlling shareholder,” “single largest shareholder” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or entities have been included in this document in both the Chinese and English languages; the English versions are for identification purposes only and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

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

“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“AI Computation Blocks”	specialized hardware units designed to efficiently execute core mathematical operations required for artificial intelligence workloads. These blocks are optimized for matrix multiplications, convolutions, attention mechanisms, and other tensor operations that dominate deep learning models
“AI inference”	the process of using a pre-trained model, whose parameters have already been derived from training, to execute the intended tasks by processing the new, unseen inputs through its learned patterns or knowledge, and generating outputs, such as predictions, classifications, or decisions
“AI inference chip”	a specialized integrated circuit designed to execute trained artificial intelligence models with high computational efficiency, minimal latency, and optimized power consumption, focusing exclusively on deriving outputs, such as predictions, classifications, or decisions, from the new, unseen input data
“AI model”	mathematical algorithms which can take unstructured data as input and transform them into informative outputs through its “intelligence,” namely, the capability of perceiving the world, transcribing and organizing information, enhancing or generating contents, or making decisions
“AI training”	the process of teaching a machine learning model to recognize patterns or make predictions by exposing it to labeled or structured data. During training, the model iteratively adjusts its internal parameters (e.g., weights, biases) using algorithms like gradient descent to minimize the difference between its predicted outputs and the actual “correct” outputs (loss). This phase requires significant computational resources (e.g., GPUs/TPUs) and large datasets, and it produces a trained model ready for inference
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
“algorithm-to-silicon”	a co-design methodology that directly maps computational algorithms to custom silicon architectures, optimizing hardware for specific workloads
“ASIP-LSF”	a specialized processor architecture that combines Application-Specific Instruction-Set Processors (ASIPs) with an optimized Load-Store Framework (LSF), which is designed to accelerate domain-specific workloads by tailoring the instruction set and memory access patterns to the target application

GLOSSARY OF TECHNICAL TERMS

“big data”	extremely large and complex datasets that exceed the processing capabilities of traditional data management tools. The field of big data analytics focuses on examining these large datasets to uncover patterns, correlations, and insights that can inform decision-making and strategic planning across various sectors
“Bluetooth”	a short-range wireless technology standard for data exchange between fixed and mobile devices over short distances
“chip-to-chip mesh torus interconnect,” or “C2C mesh torus interconnect”	a high-performance, scalable network topology used in multi-chip systems where processing units are connected in a torus or mesh configuration
“chiplet”	a small, modular integrated circuit that encapsulates a specific function, which is designed to be combined with other chiplets within a single package to form a complete system-on-chip (SoC), and to enable integration of multiple chiplets into one package, thereby scaling up the performance of the resulting chip
“cloud”	a network of remote servers hosted on the Internet/Intranet and used to store, manage, and process data in place of local servers or personal computers
“cloud computing”	the practice of storing computer data and programs on multiple servers that can be accessed through the internet
“cluster”	a group of interconnected computers or servers that work together as a unified system to improve performance, reliability, or scalability
“CNNs”	a specialized deep learning architecture designed for processing grid-structured data by automatically learning hierarchical spatial features through convolutional operations
“computing power”	the ability of a computer to perform an operation
“CPU”	central processing unit, a complex electronic circuitry assembly that executes a machine’s operating system and applications, serving as the core for general-purpose computing
“deep learning”	a subset of AI and machine learning that mimics the working of biological neural systems such as human brains and uses multi-layered neural networks to deliver state-of-the-art accuracy in tasks such as object detection and recognition, speech recognition and natural language processing. Deep learning differs from traditional machine learning techniques in that it can automatically learn representations from data such as images, video or text, without introducing hand-coded rules or human domain knowledge. Its highly flexible architecture can learn directly from raw data and can increase its predictive accuracy when provided with some data
“Die”	an individual chip cut from a wafer before being packaged

GLOSSARY OF TECHNICAL TERMS

“die-to-die chiplet” or “D2D chiplet”	a high-bandwidth, low-latency communication technology that enables multiple chiplets to function as a single integrated system
“edge”	a distributed computing paradigm where data is aggregated through gateways near the data source and processed by local computer systems to provide immediate services. By eliminating the need for cloud transmission, this architecture meets critical industry requirements including real-time operations, application intelligence, and security/privacy protection. The infrastructure is typically deployed between end devices and cloud platforms
“edge computing”	a distributed computing paradigm that brings computation and data storage closer to the location where it is needed to improve response times and save bandwidth
“GPU”	graphic processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
“home-grown”	developed, built, or created entirely within an organization using its own resources, expertise, and infrastructure
“integrated circuit”	electronic circuit fabricated on semiconductor substrate
“IoT”	the Internet of Things, which refers to the network of physical devices embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
“ISA”	instruction set architecture, a standardized set of commands, operations, and rules that define how a processor interacts with software. It acts as the hardware-software interface, governing how programs control the processor, access memory, and execute computations
“KOL”	key opinion leader
“LLMs”	advanced AI models based on deep learning architectures trained on massive text datasets to understand, generate, and manipulate human-like language
“LSTMs”	a specialized type of Recurrent Neural Network (RNN) designed to model long-term dependencies in sequential data
“near-memory hyper-converged architecture”	an advanced computing paradigm that radically optimizes data processing efficiency by physically integrating computational units with high-bandwidth memory systems
“NPU”	neural processing unit, a microprocessor that specializes in the acceleration of machine learning algorithms, typically by operating on predictive AI models, generative AI models, and reasoning AI models
“operator”	prebuilt functions used to pre-process raw data

GLOSSARY OF TECHNICAL TERMS

“R&D”	research and development
“RNNs”	a type of neural network designed to process sequential data by maintaining a “memory” of previous inputs through hidden states
“SoC”	an integrated circuit that incorporates functionally diverse sub-modules within a single chip, forming a complete system tailored for specific application scenarios. Typically integrating multiple heterogeneous components, an SoC combines elements such as general-purpose processors, hardware-based codec units, baseband processors, and other specialized functional blocks into a unified silicon die
“tape-out”	the final stage of integrated circuit design before mass production, where the design is sent to a foundry for fabrication on a silicon wafer
“TOPS”	Tera Operations Per Second, a unit of measurement representing a processor’s capability to perform one trillion (10^{12}) operations per second, commonly used to quantify the inference performance of AI accelerators, NPUs, or other deep learning hardware.
“terminal”	hardware devices that perform localized data processing, deliver real-time responses, and interact physically with users or environments, while offloading complex tasks from edge nodes or cloud platforms

FORWARD-LOOKING STATEMENTS

We have included in this document forward looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward looking statements.

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “continue,” “seek,” “estimate” or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statements in the sections headed “Risk Factors,” “Industry Overview,” “Regulatory Overview,” “Business,” “Financial Information,” “Relationship with Our Single Largest Group of Shareholders” and “Future Plans and Use of [REDACTED]” with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

[REDACTED] in our H Shares involves significant risks. You should carefully read and consider all of the information in this document, including the risks and uncertainties described below, before deciding to **[REDACTED]** in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In any such case, the **[REDACTED]** of our H Shares could decline, and you may lose all or part of your **[REDACTED]**. The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to doing business in China, and (3) risks relating to the **[REDACTED]**.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industries that we operate in are characterized by constant changes. If we fail to stay abreast of technology innovation and continuously advance our products and services to adapt to customers’ needs and advancements in technology, our business, results of operations and financial condition may be materially and adversely affected.

Our business growth depends on our ability to identify and anticipate customer needs and develop AI inference chip-related products and services that address their demands. Success in retaining existing customers, acquiring new ones, and driving sales growth hinges not only on our technology achievements and sales execution but also on our ability to (1) provide competitively priced, cutting-edge products and services that evolve with customer needs, (2) maintain technological leadership, and (3) continuously enhance product and service functionality, performance, reliability, design, security, and adaptability.

We operate primarily in China’s AI inference chip-related products and services industry and China’s smart device industry, with products and services addressing customer demands in enterprise-class scenario, consumer-class scenario, and industry-class scenario. The industries in which we operate are characterized by constant changes, including rapid technological evolution, frequent introductions of products and services, continual shifts in customer demands and constant emergence of new industry standards and practices. Our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to develop expertise across different industry sectors, adapt our products for different industry sectors and constantly anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in R&D to lead technological advances in order to keep our products and services innovative and competitive in the market.

To the extent we are not able to provide products and services that meet our customers’ demands, or we are not able to improve and enhance the functionality, performance, reliability, design, security, adaptability and scalability of our products and services in a manner that responds to our customers’ evolving needs, our existing customers may not spend more on our products and services, and we may not be able to attract new customers, under which circumstances our business, financial condition, results of operations, and prospects may be materially and adversely affected.

We have made significant investment into R&D, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve.

Our technological capabilities and infrastructure are critical to our success. We have been investing heavily in our R&D efforts. Our research and development expenses were RMB294.8 million, RMB399.9 million and RMB445.5 million in 2023, 2024 and 2025, respectively, representing 58.3%,

RISK FACTORS

43.6% and 33.3% of our total revenues in the respective periods, respectively. We need to invest significant resources, including financial resources, in R&D to lead technological advancement in order to make our products and services innovative and competitive in the market. As a result, we expect that our research and development expenses will continue to increase in absolute amount. We have incurred losses in the past and may not be able to achieve or subsequently maintain profitability, partially due to the significant investment in R&D. In 2023, 2024 and 2025, we recorded net loss of RMB384.1 million, RMB572.2 million and RMB411.8 million, respectively.

Furthermore, R&D activities are inherently uncertain, and we might encounter practical difficulties in commercializing our R&D results. Our significant expenditures on R&D may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to develop, we may not be able to timely upgrade our technologies in a cost-effective and timely manner. New technologies in our industries could render our technologies, our technological infrastructure or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related research and development expenses, which could result in a decline in our revenues, profitability and market share.

The commercialization of our products and services may fall short of our expectation, which may lead to unsatisfactory market development and affect our business operation.

The commercialization of our products and services, such as AI inference chips and AI-powered glasses in China is at the phase of rapid growth. Our industry is currently at a critical juncture where successful technology R&D must be matched by effective commercialization of core innovations. However, we face challenges in scaling up production and commercialization of our products, services and technologies. These include potential supply chain disruptions, difficulties in maintaining consistent production quality at scale, and unforeseen technical or market barriers that could delay commercialization timelines. Such obstacles may prevent us from realizing the full commercial potential of our innovations, potentially putting us at a competitive disadvantage, and our business, results of operations and financial condition may be materially and adversely affected.

While we are integrating our AI technologies into our products and services, there is inherent risk that our R&D efforts may not successfully translate into commercially viable products or services that meet the evolving market demands due to factors such as technological hurdles, shifting consumer preferences, or competitive pressures. For instance, we are developing wearable devices and AI-enabled interactive products for our consumer-class scenario, such as *Dr. LookAi Companion Dog*, leveraging the AI capabilities of our *IFMind* large model. The economic viability of our commercialization efforts remains subject to multiple variables, including production costs, market demand, and competitive pricing pressures. If we are unable to achieve sufficient scale or cost efficiency in commercialization, we may need to reduce or discontinue R&D and production of certain of our products and services to maintain financial sustainability. This could result in stranded R&D investments and limit our ability to capitalize on emerging market opportunities, and our business, results of operations and financial condition may be materially and adversely affected.

AI technologies are constantly developing with evolving regulatory and legal framework. Any flaws or misuse of the AI technologies integrated in our products, services and business operations, whether actual or perceived, whether intended or inadvertent, could have certain negative impact on our business and reputation.

We are integrating AI technology into our products and services, which involves certain risks and challenges. For instance, AI models built using graph data may inherit biases from the underlying graph data. AI algorithms may not run properly on graph data due to the large size or complex nature of underlying graph data, causing scalability and performance issues and leading to bugs or crashes. It may also be difficult to integrate AI with graph data due to compatibility issues. The application of AI has been subject to ethical concerns. These deficiencies and concerns could undermine the capabilities, efficiency and reliability of AI, subjecting us to legal liability, and brand or reputational harm.

RISK FACTORS

Moreover, the regulatory and legal framework concerning AI technology has been evolving rapidly, which may subject us to greater scrutiny. Since 2021, the PRC government authorities have released a series of rules and regulations governing AI technology, including the Provisional Administrative Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法). See “Regulatory Overview—Regulations relating to Artificial Intelligence Services.” As the interpretation and implementation of these laws and regulations may further evolve and develop, and new regulations governing AI technology may be promulgated and implemented from time to time, we cannot assure you that we will be able to comply with the requirements of such laws and regulations in a timely manner or at all. If we are unable to obtain the necessary approvals, complete necessary filings or assessments, or if we have any dispute with any third party relating to intellectual property or data security, we may incur liabilities and reputational damage, and our business may be adversely affected.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We strive to strengthen and differentiate our product portfolio by advancing our technologies, developing new products and services. As a result, we regard our intellectual property as critical to our success. We will continue to rely on a combination of patents, trade secrets, know-how, trademarks and copyrights to protect our intellectual property, but this protection may be inadequate. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved or, if allowed, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect any competitive advantage we enjoy, dilute our brand and materially and adversely affect our business, results of operations and financial condition.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technologies, products and services without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. For instance, we relied on licensed technologies, such as high-speed communication interfaces, CPU processors, video/image codec, high-speed storage interfaces and video/image processing technologies, in the development of our AI inference chips. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative R&D activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including patent infringement suits and related legal and administrative proceedings, can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or be restricted by injunctions.

These factors could effectively prevent us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, results of operations and financial condition.

RISK FACTORS

The size of our addressable markets and the demand for our products and services may not increase as expected due to a variety of factors. If the market for our products and services fail to grow as we expect, or if our customers or potential customers fail to purchase our products or adopt our products and services, our business, results of operations and financial condition could be adversely affected.

China’s AI inference chip-related products and services industry and China’s smart device industry have been developing rapidly. The future market size of the industries and the demand for the products and services developed from AI inference chips and the demand for smart devices may, however, be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For example, the market growth may depend on the application of AI technology across various industry sectors and the performance and cost-efficiency of these services. If there is a reduction in customer demand as a result of alternative technologies, competing products and services, technological challenges, decreases in customer spending, weakening economic conditions or other causes, our business, results of operations and financial condition will be materially and adversely affected.

In addition, the market acceptance of our products and services may vary across different industry sectors. As we aim to reach out to more customers across different industry sectors, we may face challenges brought by more diverse and complex use cases. We cannot assure you that the trend of adopting and utilizing AI technology by potential customers will develop or continue in the future in any given industry sector, which in turn would hinder our ability to achieve the desired level of adoption of our products and services.

If we fail to retain existing customers, attract new customers or increase their spending, our business, results of operations and financial condition may be materially and adversely affected.

During the Track Record Period, our customers primarily include AI companies, internet companies, cloud services providers, electronics manufacturers, telecoms operators, system integrators and public service enterprises. Our ability to generate and increase our revenue depends largely on our ability to retain existing customers, attract new customers or increase their spending with us. This in turn would depend on a number of factors, including our ability to offer high-quality services that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities of our products, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

Furthermore, our customer base and customer spending with us may decline or fluctuate due to many factors, including customer satisfaction, customer budget levels, changes in our customers’ underlying businesses, changes in the type and size of our customers, pricing, individual consumer preferences, competitive landscape and general economic conditions. We may also fail to execute our sales and marketing strategies in a cost-effective manner or our efforts to cross-sell and up-sell may not be as successful as we anticipate. Moreover, failure to maintain high-quality customer support may also have an adverse effect on customer retention. Such failures could result in customer dissatisfaction and a decrease in the overall demand for our products and services, which would materially and adversely affect our business, results of operations, financial condition and prospects.

As we have been and will continue expanding our customer base and diversifying industry sectors that we cover, the demands of our customers may differ from each other and evolve over time. As such, we need to upgrade, expand and modify our products and services to satisfy their requirements. We also need to develop expertise and insights to serve customers across industry sectors and adapt our products and services accordingly to ensure the degree of our market acceptance. We cannot assure you that we can always provide products and services that meet our customers’ expectations. As a result, we may not be able to retain and expand our customer base, and our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

Uncertainties with the procurement and spending of our customers could affect our results of operations and growth prospects.

Our customers’ purchasing decisions and budgeting processes are influenced by anticipated industry developments, including technological advancements, regulatory shifts, and competitive disruptions. The rapid evolution of China’s AI inference chip-related products and services industry and China’s smart device industry has introduced heightened uncertainty, as customers frequently reassess spending priorities to align with emerging industry standards, such as edge AI adoption, cost-saving measures, ecosystem maturity, policy compliance, supply chain stability, and real-world deployment readiness. While we expect continued market demand for our products and services, the pace and specific direction of these demands remain unpredictable. This volatility may lead to deferred procurement cycles, sudden demand erosion, or unanticipated pivots toward competing technologies. We cannot guarantee that our current markets will sustain their present scale or profitability, nor can we ensure our ability to reallocate technical, financial, or marketing resources swiftly enough to capture shifting opportunities, particularly if multiple sectors, including our current three major sectors of enterprise-class scenario, consumer-class scenario, and industry-class scenario, undergo simultaneous disruption.

In addition, our public sector customers’ purchasing decisions and budgeting processes are influenced by government spending, including future plan of urban development or changes in government’s fiscal policy and other factors beyond our control. If government spending that relates to our business does not continue to grow or remain at the current level, the business, results of operations, financial condition and prospects of our business could be adversely affected. And sales and services to the public sector can be expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a transaction. Accordingly, our business, financial condition, results of operations, and growth prospects may be adversely affected by certain events or activities, including changes in fiscal or procurement procedures or decreases in available government funding and potentially longer payment cycles and greater difficulty in accounts receivable collection resulting from certain restrictions and policies. Any such event or activity, among others, could cause governments and public sector customers to delay or refrain from purchasing our products and services in the future, reduce the size or payment amounts of purchases from existing or new government or public sector customers or end users, or otherwise have an adverse effect on our business, results of operations, financial condition, and prospects.

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.

During the Track Record Period, we incurred net loss of RMB384.1 million, RMB572.2 million and RMB411.8 million in 2023, 2024 and 2025, respectively. We may continue to record net loss as our business remains in an expanding stage and we are continuously investing in R&D. In 2023, 2024 and 2025, our gross profit was RMB118.8 million, RMB192.1 million and RMB368.2 million, respectively, representing gross profit margin of 23.5%, 20.9% and 27.5% for the same periods, respectively. Our gross profit margin fluctuated during the Track Record Period along with the evolvement of our offering mix. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, successfully commercialize our products and services, enhance customer experience, compete effectively and expand our customer base. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur losses in the future and may not be able to achieve or subsequently maintain profitability.

In addition, we recorded net cash used in operating activities of RMB541.0 million and RMB294.5 million in 2023 and 2024, respectively. Despite our net cash inflows from operating activities of RMB265.8 million in 2025, we may continue to have net operating cash outflow in the near future as we plan to continue to invest heavily in R&D efforts. Our negative operating cash flows

RISK FACTORS

could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and funding our investments in technological innovation and business expansion. If our future operating cash flows fail to improve to a level to sufficiently cover our overall cash needs, we may plan to seek equity or debt financing to fund our operations in the future. Such financing might not be available to us promptly or on terms that are acceptable, or at all, and we may have limited financing channels due to our negative cash flow. If we fail to obtain the required additional financing before we are able to reach levels of revenue to meet our financial needs, our operation may be restricted or suspended. We may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected if we cannot obtain sufficient capital to meet our needs.

We may engage in acquisitions, investments, divestitures or strategic alliances in the future, which could require significant management attention and materially affect our business, results of operations and financial condition.

We intend to selectively pursue strategic alliance, investment and acquisition opportunities to fuel our business growth and strengthen our competitiveness. We will evaluate and execute alliance, investment and acquisition opportunities that complement and scale up our business, optimize our profitability, help us penetrate high-growing sectors, and add new capabilities to our Company. For example, we acquired D-infuture Tech in April 2024 and expanded into the consumer-class scenario afterwards. However, we may have limited experience in making such acquisitions and we may not be able to find suitable acquisition candidates or complete acquisitions on favorable terms, if at all. Even if we complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition we complete could be viewed negatively by customers or investors. We may also engage in other forms of business collaborations and relationships in the future, including strategic investments, partnerships and alliances. Negotiating such transactions can be time-consuming, difficult and costly, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals. We cannot assure you that these transactions will close or will lead to commercial benefit for us.

In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company or our collaborations. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our Company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management, and disrupt the ordinary functioning of our business. We may ultimately fail to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions. Furthermore, an acquisition could also materially impair our results of operations by causing us to incur debt or requiring us to amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity and regulatory compliance, as well as legal or contractual liabilities in businesses we acquire which we did not uncover prior to such acquisition. Therefore, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses or technologies could have a material adverse effect on our business, results of operations and financial condition.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

RISK FACTORS

In connection with the foregoing strategic transactions, we may issue additional equity securities that would dilute our Shareholders, use cash that we may need in the future to operate our business and incur substantial debts and liabilities. Such strategic transactions may also subject us to legal and regulatory scrutiny and increase our compliance costs. As a result, our business, results of operations and financial condition may be adversely affected.

If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

The industries in which we operate are highly competitive and oligopolistic, characterized by dominant incumbents that hold overwhelming market positions. China’s AI inference chip-related products and services industry and its NPU sub-segment are dominated by two market leaders, creating significant barriers to entry and scaling. 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 solitary leader commanded approximately 82% of the NPU sub-segment market share in the same year.

We primarily compete with other companies that are capable to provide AI inference chip-related products and services, and to a broader degree, companies that generally focus on developing and commercializing AI technologies. Across our three core business segments, enterprise-class, consumer-class, and industry-class products and services, we face multidimensional competition from both specialized AI solution providers and established industry players developing proprietary AI capabilities. Our competitors may benefit from greater financial resources, more mature technological infrastructure, established customer networks, and longer operating histories. Our expansion into the consumer-class scenario, including *Dr. LookAi Companion Dog*, wearable devices and other AI-enabled interactive products, introduces additional competitive complexities, such as vertically integrated in-house AI services from customers and emerging niche competitors. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than us.

We may also face competition from new entrants who may offer lower prices or new technologies and products, and thus increase the level of competition in the future. Increased competition could result in price reductions, lower sales, reduced margins or loss of market share. Further, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining top AI technology scientists and innovative talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such measures will be effective. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

Our limited operating history and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we may encounter. Our historical growth may not be indicative of our future performance.

We commenced our operations in 2014 and have continued to expand our business since our inception. We have developed, and will continue to develop, innovative AI technology across diversified industry sectors. Our new business initiatives, such as our expansion into the consumer-class scenario, have not been fully proven given our limited operating history, which may subject us to a number of uncertainties and additional costs and expenses, and adversely affect our ability to project and plan for the future growth.

In 2023, 2024 and 2025, our revenue was RMB506.0 million, RMB917.4 million and RMB1,339.3 million, respectively. However, you should not consider our historical performance as indicative of our future financial performance. As a result of our limited operating history and evolving business

RISK FACTORS

portfolio, it is difficult to draw an exact period-over-period comparison of our business, results of operations and financial condition as a whole. Furthermore, as our business further develops, we may modify our business model or continue to change our business portfolio. We may launch new products or services or discontinue any existing ones for strategic purposes. Any of such changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our prospects should be considered in light of the risks and uncertainties that we, as a fast-growing company with a limited operating history, may encounter, including the following ones, some of which are beyond our control:

- China’s overall economic growth;
- maintain and upgrade our technology infrastructure;
- upgrade our AI technologies and develop new technologies;
- retain existing customers and attract new customers to use our products and services;
- further commercialize our AI technologies;
- increase brand awareness through marketing and promotional activities;
- successfully compete with other companies that are currently in, or may in the future enter our industries;
- attract, retain and motivate talented employees, including R&D talents as well as staff with in-depth industry know-how;
- the evolving regulatory environment and government policies and initiatives, in particular those relating to the industries that we operate in;
- awareness and widespread adoption of AI across various industry sectors;
- our ability to retain and expand our customer base; and
- our ability to manage our costs and expenses and enhance operating efficiency.

We may not be successful in executing our growth strategy or otherwise achieving growth in the future.

Our business, results of operations and financial condition depend in part on our ability to effectively implement our growth strategies. If we encounter any issue during our expansion or if we fail to manage our products portfolio expansion, our business, results of operations and financial condition may be materially and adversely affected. Our products may not gain market acceptance or realize revenue as predicted. In addition, we must continue to hire, train and effectively manage new employees. If newly hired employees perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, results of operations and financial condition may be materially and adversely affected. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. All of these endeavors involve risks and will require significant managerial, financial and human resources. There is no assurance that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

RISK FACTORS

If our expansion into new industry sectors and application scenarios is not successful, our business, prospects and growth momentum may be materially and adversely affected.

We provide AI inference chip-related products and services to address the diversified needs of our customers across various industry sectors in different application scenarios. We cannot assure you that we will be able to maintain our expansion momentum in the future. Expanding into new industry sectors and application scenarios involves new risks and challenges, such as the difficulty in keeping pace with evolving customer demands and preferences that we may be unfamiliar with. In addition, there may be one or more existing market leaders in such areas. Such companies may be able to compete more effectively than us by leveraging their experience in addressing customer needs in those sectors, as well as their deeper industry insights, greater brand recognition, more advanced technologies and better access to customer base and business opportunities. We could also be subject to additional regulations relating to new industry sectors that we enter into, and we may not have sufficient experience or resources in dealing with those enhanced requirements and could incur additional compliance costs as a result. Expansion into any new industry sectors may place significant strains on our management and resources, and failure to expand successfully could have a material adverse effect on our business, results of operations, financial condition and prospects.

Failure to enhance our brand recognition, sales and marketing capabilities could harm our ability to expand our business operations and expand our customer base, and adversely affect our business, results of operations, financial condition and prospects.

We believe that maintaining and enhancing our brand is important to continued market acceptance of our existing and future products and services, attracting new customers, retaining existing customers, and successfully executing our dual-pronged growth engines. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand recognition will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products and services that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers’ trust, and our ability to successfully differentiate our products and services from competitive ones. However, our efforts may not always be successful or yield increased revenue.

Moreover, the promotion of our brand also requires us to make expenditures, and we expect that these expenditures will increase as the market becomes more competitive. Our selling and distribution expenses were RMB101.6 million, RMB176.3 million and RMB164.2 million in 2023, 2024 and 2025, respectively, representing 20.1%, 19.2% and 12.3% of our revenue for the same periods, respectively. To the extent that our sales and marketing activities increase revenue, the increase in revenue still may not necessarily be sufficient to offset the expenditures we incur. We may also be unable to hire and train sufficient numbers of qualified sales personnel or ensure the productivity of our sales personnel in acquiring new customers or cross-selling to our existing customers. If we do not successfully maintain and enhance our brand and ensure the effectiveness of our sales and marketing efforts, our ability to expand our customer base may be impaired, which would then adversely affect our business, results of operations and financial condition.

Our business depends substantially on the continuing efforts of our management and key R&D personnel, as well as competent pool of talents that support our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

Our future success depends heavily on the continued contributions of our senior management, many of whom are difficult to replace. In particular, we rely on the expertise, experience and vision of our founders as well as other members of our senior management team. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Additionally, our future success also depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch R&D team to develop our advanced algorithms and technologies, our experienced operation personnel to position our products and services and our experienced sales personnel to maintain relationship with our customers. Loss of the key R&D personnel and experienced sales personnel could materially impair our R&D and sales and marketing capabilities, which would in turn affect our business operation, financial position. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We may fail to maintain or obtain all required licenses, permits and approvals to operate our business.

Our business and operations have been subject to extensive regulations. We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business. As the interpretation and implementation of the existing and future laws and regulations governing our business activities will continue to change and evolve, we cannot guarantee you that we will always successfully secure all the approvals, permits or licenses required for conducting our business in China, nor can we guarantee that government authorities will consistently act in our favor using their discretionary powers. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, results of operations and financial condition may be materially and adversely affected.

We are subject to complex and evolving laws and regulations regarding data security and personal information protection. Actual or alleged failure to comply with data security and personal information protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and subject us to significant legal, financial and operational consequences.

We are subject to various regulatory requirements relating to cybersecurity and data privacy in the PRC, including the PRC Data Security Law (中華人民共和國數據安全法) and the Cybersecurity Law of PRC (中華人民共和國網絡安全法). We are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. In the course of conducting our business, the data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We also 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. See “Business—Data Privacy and Security.”

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations

RISK FACTORS

regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

As of the Latest Practicable Date, we were not subject to the cybersecurity review, on the basis that: (1) we had not been notified of being classified as a critical information infrastructure operator, (2) we had not received any queries or notifications from any PRC governmental authorities, have not received any notification with regard to cybersecurity review, and (3) Hong Kong is not included in the definition of “abroad” and listing in Hong Kong is not in the scope of “listing abroad” (國外上市), which is not explicitly required for a cybersecurity review.

We are also subject to laws, regulations and governmental policies regarding data privacy and protection in multiple areas and jurisdictions where we have a business existence. Such regulatory requirements on data privacy are constantly evolving and can be subject to varying interpretations, or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard.

We could be adversely affected by any sanction that may be imposed on us, our customers, suppliers and business partners.

Our operations may be adversely affected by sanctions, export control measures and other geopolitical developments, including those administered by governmental authorities in jurisdictions where we do not have operations but whose laws and regulations may nonetheless apply to us extraterritorially. These developments may include, but are not limited to, the deterioration of international political and economic relations, trade tensions, changes in labor or economic conditions, imposition of tariffs or taxes, and political instability. For example, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are out of our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be difficult or costly to comply with and may materially and adversely affect our and our technology partners’ abilities to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations.

Effective June 5, 2020, the U.S. Department of Commerce’s Bureau of Industry and Security (the “BIS”) added certain entities to the Entity List (the “Entity List”), including “Intellifusion” (the “Listed Entity”) with aliases “Shenzhen Yuntian Lifei Technology Co., Ltd.” and “Yuntian Lifei.” The Listed Entity was subsequently designated as a Footnote 4 entity on October 7, 2022.

The addition of the Listed Entity to the Entity List restricts the ability of the specific entity, but not of legally distinct entities, such as subsidiaries or affiliates of the Listed Entity, to purchase, acquire, or otherwise obtain any items subject to the Export Administration Regulations, 15 C.F.R. Parts 730-774 (the “EAR”) without a license from the BIS. Specifically, absent a license from the BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when the Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. License applications to the Listed Entity will be reviewed with either a presumption of denial or a case-by-case policy for items subject to the EAR. See “Regulatory Overview—U.S. Export Control Laws and Regulations” and “Business—U.S. Export Control Laws and Regulations.”

To address the EAR-related risks after the addition to the Entity List, we have adopted a series of export control compliance measures for the entire Group, out of an abundance of caution. We have adopted a Group-wide trade controls compliance policy that includes procedures for customer and supplier sanctions screening, contractual compliance undertakings, internal documentation requirements, and escalation protocols for restricted-party transactions, as well as other internal control measures. See

RISK FACTORS

“Business—U.S. Export Control Laws and Regulations.” However, there can be no assurance that our export control compliance measures or program can be strictly followed and implemented, or that the implementation of such export control compliance measures or program would be sufficient for us to address concerns under the EAR. Failure to comply with the EAR could lead to regulatory investigations, civil monetary penalties, or criminal fines and negatively affect our relationship with our suppliers, which, in turn, could negatively affect our business operations.

Given the complexity of the EAR and level of information required for an exporter, re-exporter, or transfer within China to determine whether an item is subject to U.S. law, there may be a non-compliance on the part of suppliers that might supply us goods incorporating controlled U.S.-origin content in excess of the EAR’s de minimis threshold or that are the foreign-produced direct product of U.S. technology or software, or are produced by a plant or major component of a plant that itself is a direct product of specified technology or software. Because the EAR asserts liability broadly to include parties acting with knowledge or reason to know a violation has occurred, will occur, or is likely to occur, there is a risk that we could be subject to a potential BIS investigation, enforcement actions, civil monetary penalties, or criminal fines if our suppliers fail to comply with the EAR.

The Entity List designation could have a negative impact on our reputation with U.S. regulators, businesses, and banking institutions. We believe there is a risk some business partners, particularly those in the United States or with significant exposure in the United States, might refuse to engage in certain business with us for a variety of reasons, including over-compliance with or misunderstanding of the legal effect of the Entity List designation, an inability to determine whether items being sold are subject to U.S. law, de-risking, and reputational concerns. As of the date of this document, none of our material investors, customers, or suppliers have withdrawn their investment, ceased doing business with us due to the BIS Entity List designation, or notified us in writing or otherwise of their intention to do so.

Our relationships with suppliers may evolve in the future, and there can be no assurance that we will maintain our access to all items that are necessary to our business. Furthermore, as technologies continue to advance, third parties may offer new technologies or products that could enhance our technology infrastructure or services. To the extent that any product or technology we currently use becomes subject to the EAR or any such new technologies or products are subject to the EAR, we would not be able to access them if we remain on the Entity List by then at that time, unless the exporter obtains a license from the BIS, which is subject to a licensing review with either a presumption of denial or a case-by-case policy. There can be no assurance that the Listed Entity would be able to identify alternative supply chain arrangements to access similar technologies or products of the same quality at similar cost, and we may encounter increased supplier scrutiny due to the addition to the Entity List. As such, if the Listed Entity remain on the Entity List on a prolonged basis, our business, results of operations and financial condition could be negatively affected.

We cannot guarantee that the competent authorities would not revise the relevant sanctions laws and regulations, or issue documents including guidelines to interpret these laws and regulations differently or unfavorably. As a result, there is no assurance whether the Entity List designation will be expanded to additional entities of our Group, or we will be subject to any additional economic sanctions administered by the U.S. government authorities. As of the date of this document, we have not been subject to any such additional economic sanctions, and the Entity List designation has not been expanded to additional entities of our Group. Despite our belief that the designation of the Listed Entity to the Entity List should not have a material impact on the business or operations of our Group, if, in addition to the Listed Entity, other subsidiaries of our Group, or if the entire Group were to become targeted by economic sanctions and/or export control restrictions, this may result in interruptions of our business and reputational harm to us.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury (the “Treasury”) issued a final rule on outbound investment (the “OIR”) to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The OIR imposes investment prohibition and notification requirements on

RISK FACTORS

U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau), collectively defined as “covered foreign persons,” that are engaged in activities relating to three sectors: (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) artificial intelligence systems. U.S. persons subject to the OIR are prohibited from making, or required to report, certain investments in “covered foreign persons,” which are defined as “covered transactions.” The OIR could apply to certain U.S. persons (including their controlled foreign entities, if applicable) outside the United States who may participate in the [REDACTED] through offshore transactions.

We have been designated on the U.S. Department of Commerce’s Bureau of Industry and Security Entity List with Footnote 4. Separately, under the OIR, certain outbound investments by U.S. persons into a covered foreign person engaged in specified national security-related activities, including certain artificial intelligence activities, are prohibited. Under the OIR framework, where a covered foreign person is included on the Entity List, a transaction that would otherwise be subject to notification requirements may be treated as a prohibited transaction for U.S. persons.

In light of the existing Entity List designation and the nature of our business, the application and interpretation of the OIR to our Group involve inherent regulatory uncertainty. Under the OIR framework, where a covered foreign person engaged in covered activities is included on the Entity List, a covered transaction involving such entity would be treated as a prohibited transaction for U.S. persons. As a result, U.S. Investors, including their controlled foreign entities, if applicable, may not participate in such transactions unless an applicable exception has been granted. Accordingly, pursuant to the OIR, U.S. Investors may be restricted from investing in us and participating in the [REDACTED] except through valid exemptions, or unless such investments were completed prior to the effective date of the OIR. Therefore, the OIR may limit the participation of U.S. Investors in the [REDACTED] and may affect the pool of potential investors, which could in turn affect the liquidity and [REDACTED] of our H shares.

In addition, even though U.S. Investors’ acquisition of certain publicly traded securities, such as purchasing our H Shares in the open market, falls under an exception in the OIR, it could still limit our ability to raise capital or contingent equity capital from U.S. Investors given that the relevant laws, regulations and policies continue to evolve. For example, President of the United States issued the America First Investment Policy Memorandum (the “America First Memo”) on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. The application and implication of the OIR, the America First Memo and any related policies, laws and regulations are complex, which may be changed and updated from time to time. Future changes in the OIR, the America First Memo and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. Investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case may also materially and adversely affect the [REDACTED].

Our overseas expansion may not be successful, and we are exposed to the risks associated with overseas operations.

We plan to expand our business in selected overseas markets. As a result, we are subject to a variety of risks and uncertainties associated with overseas operations and sales, including compliance with foreign laws, regulations and local industry standards, in particular, those related to AI inference chip-related products and services; export control and economic sanctions laws and regulations; exposure to increased overseas litigation risks; political and economic instability, as well as geopolitical tensions, including the ongoing tariff war; foreign currency exchange rate fluctuations, currency controls and cash repatriation restrictions; restrictions on imports from the PRC or other trade barriers, such as export requirements, sanctions, tariffs, licensing and other restrictions and expenses; unfamiliarity with local operating and market conditions and competitive landscape; uncertainty on the degree of market acceptance; competition from local companies; failure to attract and retain locally qualified management and employees; alignment of the operations, culture and systems of the international team with our existing operations; foreign taxes; environmental, safety and labor

RISK FACTORS

regulatory compliance; and potential disputes and difficulty in managing relationships with overseas customers and distributors. Additionally, we plan to distribute our products to overseas markets, and we may face management risks associated with the growth of our international team and the management of territories under our international strategy.

Any failure to manage the foregoing and other risks and uncertainties could result in operational inefficiencies, increased costs and a diversion of management’s attention from other business matters, which in turn could adversely affect our overseas business and its expansion, and result in reduced turnover from our overseas operations, which in turn could materially and adversely affect our business, results of operations and financial condition.

Changes in geopolitical relationships, barriers to trade or escalation of trade disputes, including the imposition of trade restrictions and tariffs, could negatively affect demand for our products and services, and consequently could have a material adverse effect to our business, financial condition and results of operation.

As we plan to expand our business to overseas market, which may export our products and services to United States, Europe, ASEAN countries or Middle East, we may be imposed with trade restriction and tariffs. For example, the United States and China had previously been involved in controversy over trade barriers in China that have threatened a trade war between these two countries, and had implemented or proposed to implement tariffs on certain imported products. The United States government has made statements and taken certain actions that may lead to changes in United States and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the United States or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters. In early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions. The U.S. tariffs and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. These actions underscored a strategic recalibration of the United States trade policy, emphasizing heightened pressure on international trades. We are closely monitoring potential changes in international trade policy and assessing the potential impact of these and other trade policy changes on our business operations and financial performance.

Results of operations of our consumer- and industry-class business are subject to seasonal fluctuations.

The results of operations of our consumer- and industry-class business may fluctuate depending on a number of factors, many of which are out of our control. For instance, we tend to generate higher revenues in the fourth quarter of the year due to the combined effect that the demand for our consumer products is typically higher with customers for holiday seasons and the public service enterprises’ acceptance of project and payment milestone are typically at the fourth quarter of the year. Therefore, comparing our results of operations for different periods may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues in a given period may be significantly different from our historical or projected rates, and our results of operations in future quarters may fall below expectations.

Failure to provide satisfactory customer service and enable customer success may materially and adversely impact our brand, business, results of operations and financial condition.

The satisfactory performance, reliability and availability of our products and services and underlying technologies and infrastructures are critical to our operations, customer service, reputation and our ability to retain existing customers and partners and to attract new ones. Our products and services are subject to unanticipated failures or disruptions, which results in various operational risks, such as improper information processing, slower response time, and substandard user experience. If we fail to properly and accurately process and manage all such information, the quality of our products and services may be compromised, which will have an adverse impact on our reputation, financial condition

RISK FACTORS

and results of operations. In addition, we rely on certain proprietary technology and third-party services to store, retrieve, process and manage immense amounts of data for our operations. Such services on which we rely may contain undetected errors or bugs. If we are unable to maintain and constantly improve our technology infrastructure and to properly handle technological failures or disruptions, our business, financial condition, results of operations and prospects, as well as our reputation, may be materially and adversely affected.

In the event of data outage or loss, our ability to offer products and services may be materially and adversely affected. Our operations depend on our ability to protect our systems against damage or interruption from natural disasters, power or telecommunications failures, environmental conditions, computer viruses or other attempts to harm our systems, criminal acts and similar events. In addition, if there is a lapse in service or damage to our leased facilities, we could experience business interruptions as well as delays and additional expenses in arranging new facilities, which could harm our relationships with stakeholders of our ecosystem, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

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.

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 “Business—Our Customers” for details.

There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Actions taken by our largest customers to exploit their comparably superior bargaining position in negotiating the terms of contracts or otherwise could also have an adverse effect on our results of operations. In the event that the existing largest customers cease to engage our products and services, and we are unable to find new customers with similar attributable revenue within a reasonable period of time or at all, our business and profitability may be adversely affected. In addition, if any of such customers delays in their payments or even default, our results of operations, financial condition and liquidity may be materially and adversely affected. As such, should there be any adverse development related to our largest customers’ operations or any other reasons resulting in any deterioration or termination of our business relationship with one or more of our major customers, our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to supplier concentration risk due to our reliance on certain major suppliers.

Under our fabless business model, our business operations depend on the continuous service of certain suppliers, mainly including the suppliers of wafer production, chip packaging and chip testing services. Our reliance on these suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If the supply of wafers or packaging and testing services is disrupted or delayed, we may fail to find replacements with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance, or financial condition of our major suppliers may result in material adverse impact on their business with us.

Because of the complex proprietary nature of our products and services, if there was a disaster or other business disruption at any of our wafer foundry and packaging and testing services partners’ facilities, procurement of and transition to new partners would take a significant period of time to complete and would likely adversely affect our inventory, business, results of operations and financial

RISK FACTORS

condition. Moreover, any shortage in the raw materials used by our wafer foundry and packaging and testing services partners may result in shortage in their supply of our products and delay in their packaging and testing process. Therefore, we are vulnerable to the risk that our current wafer foundry and packaging and testing services partners may be unable to meet our demand.

In addition, our ability to receive sufficient supplies for our products or services could be adversely affected by events such as natural disasters, including earthquakes, drought and typhoons, and geopolitical challenges in locations where our suppliers operate. Our ability to receive sufficient supplies for our products or services could also be adversely affected by international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Moreover, increased regulation or heightened societal and industrial expectations regarding responsible sourcing practices could increase our compliance costs. Any failure to comply with such regulations or meet such expectations as a result of misconduct by our suppliers could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our wafer foundry and packaging and testing services partners, we could be subject to financial or reputational risks as a result of their conduct.

Failure to maintain competitive pricing strategies may have a material adverse effect on our business, financial condition and results of operations.

We aim to provide our customers with high-quality products and services. We determine our differentiated pricing strategy through market research and competition, taking into account multiple factors and designing to cater to the diverse needs of our customer base and product range. However, we cannot guarantee that we will consistently adopt a competitive pricing strategy for our products. If our market research yields inaccurate results that misalign our pricing strategy with market trends, we risk either diminishing profit margins by underpricing, or dampening sales volume and revenue by overpricing.

We are subject to various risks relating to third party payments.

During the Track Record Period, certain of our customers settled their payments with us through third party payors (the “Third Party Payment Arrangements”). In 2023, 2024 and 2025, revenue attributable to transactions subject to the Third Party Payment Arrangements were RMB9,100, RMB0.6 million and nil, accounted for approximately 0.002%, 0.07% and nil of our total revenue for the corresponding periods, respectively. We have implemented various internal control measures to reduce the proportion of payments received from third party payors and to mitigate the relevant risks. For details, see “Business—Third Party Payments.”

We were subject to various risks relating to such Third-party Payment Arrangement during the Track Record Period, such as (1) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (2) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

Future results of operations depend on our ability to obtain various types of supplies used in the provision of our products and services in sufficient quantities on commercially reasonable terms.

Our total cost of sales comprises primarily of cost of inventories and, increasingly, depreciation of servers for providing computing power services. We procure various types of hardware, software and other supplies to provide our products and services. The primary raw materials for our consumer-class products consist of chips and printed circuit boards, or PCBs, in addition to common electronic components such as microphones, capacitors, and resistors. For details, see “Business—Our Suppliers” and “Industry Overview—Price Trend of Application-Specific Integrated Circuits.” The prices of these

RISK FACTORS

supplies are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Our results of operations could be adversely affected if we are unable to obtain adequate, satisfactory supplies in a timely manner at reasonable prices, or if there are significant increases in costs that we could not pass on in full to our customers.

The timeliness, adequacy and quality of our supplies are critical to our ability to carry out our operation plans as scheduled. Any delays or disruptions in such supplies may have a material and adverse impact on our ability to meet our customers’ demands for our products on time. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and impede our ability to deliver our products and services to our customers.

Some supplies are at times subject to industry-wide shortages and significant commodity pricing fluctuations. We cannot assure you that we will be able to extend or renew our supply agreements on similar terms, or at all. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain these supplies, and we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. We recorded employee benefit expenses of RMB475.0 million, RMB611.3 million and RMB544.5 million in 2023, 2024 and 2025, respectively. Labor cost increases may cause our operation costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our R&D and sales schedules and maintain or expand our business operations, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see “Business—Employees.” However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

We may be subject to product liability claims if our products, services and the underlying technologies contain significant defects. We could incur significant expenses to remediate such defects. As a result, our reputation could be damaged and we could lose market shares, and our financial condition and results of operations may thus be negatively impacted.

We may be subject to product liability claims if our products, services and the underlying technologies contain significant defects. As a result, sales of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties subject to such injury or damage may bring claims or legal proceedings against us as the seller of the product. Attempting to enforce our rights against the suppliers and contract manufacturers may be expensive, time-consuming and ultimately futile. As a result, we could incur significant expenses to remediate such defects. Any material product liability claim, or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation, and we could lose market shares as a result.

RISK FACTORS

Product quality is core to our business. Any quality issues related to our products may result in a loss of customers and subject us to product liability claims.

Our reputation and customer trust heavily rely on the consistent quality of our products and services. Any compromise in product quality or occurrence of side effects, whether due to manufacturing defects, supply chain issues, or inadequate quality control measures, could result in product returns or recalls, especially with respect to our consumer-class products, and significantly impact our brand image, customer loyalty and market position. We have implemented a stringent quality control system supported by comprehensive quality control standards and standardized operating procedures to ensure the high standard of our products. However, the system may not always be successful in detecting defects, quality issues or side effects, especially if they originate from factors beyond our direct control, such as raw material defects or issues with third-party suppliers.

Our infrastructure and the infrastructure of our business partners may experience failure, interruption, inadequacy, security breaches or cyberattacks. Involvement in such incidents could materially and adversely affect our reputation, business and results of operations and subject us to liabilities.

We rely on information technology networks and systems for electronic communications among our personnel, customers and suppliers and for synchronization with our demand forecast, order placements and service status and capacity. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, operating system malfunctions, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Any significant interruption, breach, or failure, particularly involving core operating systems, could impair our ability to process business data, deliver services, or maintain operational visibility, potentially leading to substantial costs to repair, replace, or restore systems and data. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

We process a large amount of business and operation data and our success depends in part on our ability to provide effective data security protection in connection with our platforms and services. Because many of our customers use our products and services to store, transmit, and otherwise process proprietary, confidential, or sensitive information, and complete mission critical tasks, they have a lower risk tolerance for security vulnerabilities in our platforms and services than for vulnerabilities in other, less critical, software products and services. If any of our customers’ cloud or on-premises environments are breached or if unauthorized access to customer or third-party data is otherwise obtained, public perception of us may be harmed, and we may lose business and incur losses or liabilities.

Any accidental or willful security breaches or other unauthorized access could cause our confidential information to be stolen and used for improper or criminal purposes. Moreover, if we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and Internet operators we rely upon, there is a risk that telecommunications and Internet operators or their business partners may misappropriate the data. Security breaches, cyber-attacks or unauthorized access to confidential information could also expose us to liabilities related to the loss of the information, time-consuming and expensive litigations and other regulatory and legal proceedings, as well as negative publicity. If security measures are breached because of third party action, employee error, malfeasance or other similar factors, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our customers and partners could be severely damaged and we could incur significant liabilities or subject to legal or regulatory actions that may materially and adversely affect our business, financial condition, results of operations and prospects. In addition,

RISK FACTORS

concerns about our practices with regard to security of confidential information or other privacy-related matters, such as cybersecurity breaches, misuse of personal data and data sharing without necessary safeguards, even if unfounded, could damage our reputation and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material incidents of cyberattacks or data security breaches. However, if any of the foregoing risks materializes, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we are unable to ensure compatibility of our products and services with diverse hardware and software environments and data types, we may become less competitive and our growth prospects will be limited.

Our products and services may be integrated with a variety of hardware and software platforms and software applications, and we need to modify and enhance our products and services to adapt to changes in hardware and software technologies in a timely and cost-effective manner. Compatibility of our products and services and hardware and software developed by others is critical to the performance of our products and services. Failure to ensure compatibility of our products and services may negatively affect our competitive edge, and our business results of operations and financial condition would be harmed.

Our use of open-source technology could impose limitations on our business operations.

We use open-source software in certain aspects of our business and expect to continue to use open source software in the future. Although we monitor our use of open source software to avoid subjecting our software to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our software and platform. In such an event, we may be required to seek licenses from third parties to continue commercially offering our software, to make our proprietary code generally available in source code form, to re-engineer our software or to discontinue the sale of our software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business and revenue.

The use of open-source software subjects us to a number of other risks and challenges. Open-source software is subject to further development or modification by anyone. Others may develop such software to be competitive with us or render such software no longer useful by us. It is also possible for competitors to develop their own products and services using open-source software, potentially reducing the demand for our products and services. If we are unable to successfully address these challenges, our business and results of operations may be adversely affected, and our development costs may increase.

Misconduct, errors, non-compliance and omissions by our employees, Directors or third parties could harm our business and reputation.

Misconduct and omissions by our employees could subject us to liability or negative publicity. We have implemented robust human resources risk management policies, and we have in place an employee handbook approved by our management and distributed to all our employees that contains broad internal rules and guidelines and cover areas such as best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance. Although we are not aware of any past misconduct or omission by our employees or Directors that has caused material reputational harm or disruption to our business operations, there can be no assurance that we can always prevent them from engaging in misconduct or omission that could materially and adversely affect our business, financial condition and results of operations. Misconduct by our business partners could subject us to disruption of business,

RISK FACTORS

negative publicity or liability. We cannot assure you our business partners providers will not engage in misconducts or omissions. Any misconduct by our business partners may affect our operations and reputation, which may in turn affect our business, results of operations and financial condition.

Rumors or negative publicity involving our Company, our products and services, our management, our customers, our business partners or our industry in general may materially and adversely affect our reputation, business, results of operations and growth prospects.

Negative publicity involving our industry, our Company, our products and services, our management, our customers or our business partners may materially and adversely harm our business and reputation. We cannot preclude media reports of a negative nature or negative allegations from other parties from being made in the future, nor can we assure you that we will be able to defuse such negative publicity to the satisfaction of our investors, customers and business partners or prevent related misconception and other damages caused by such reports. We may have to incur significant expenses and divert our management’s time and attention in order to remedy the effects of these negative reports or allegations, which may materially and adversely affect our results of operations.

We may be unable to expand, manage, monitor and coordinate our multi-channel sales network of consumer-class business effectively.

We face risks associated with managing our multi-channel sales network consisting of offline sales channels, including distributors and online sales channels, including various e-commerce platforms, for our consumer-class business. Our multiple sales channels might compete with each other and result in cannibalization among different channels, which could have a material and adverse impact on our business, results of operations and financial condition.

More specifically, we have begun to develop distributorship as part of our multi-channel sales network for our consumer-class business since December 2024. We had a total of 26 distributors as of December 31, 2025, with the revenue generated from distributors of RMB5,700 and RMB5.1 million in 2024 and 2025, respectively, which were immaterial to our total revenue in the same periods.

Additionally, our ability to expand our sales network significantly impacts our success, but this is influenced by various factors, some of which are beyond our control. For instance, if we encounter challenges in maintaining positive relationships with existing partners within our sales channels, experience disputes with them, or struggle to expand our sales network with new partners under favorable terms, our market presence across different channels or regions may be compromised. Failure to effectively execute our development and growth strategies, along with providing sufficient resources and operational support to our online and offline sales channels, could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

Failure to manage our inventory effectively could have a material and adverse effect on our business, financial condition and results of operations.

Our inventories was RMB135.9 million, RMB249.4 million and RMB285.9 million as of December 31, 2023, 2024 and 2025, respectively. Our inventories turnover days were 95 days, 97 days and 101 days in 2023, 2024 and 2025, respectively. Inventories levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. As we plan to continue to expand our business, we expect to include more inventories, which will make it more challenging for us to manage our inventories effectively. If we fail to manage our inventories effectively, we may be subject to a heightened risk of inventories obsolescence and any such situation may have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, results of operations and financial condition.

We are exposed to credit risks related to our customers. As of December 31, 2023, 2024 and 2025, our trade and bills receivables, net were RMB633.8 million, RMB815.1 million and RMB728.5 million, respectively. As of December 31, 2023, 2024 and 2025, the ECL allowance for current trade receivables were RMB62.1 million, RMB101.4 million and RMB126.5 million, respectively, and the ECL allowance for long-term trade receivables were RMB20.2 million, RMB29.7 million and RMB48.1 million, respectively. Our trade receivables turnover days were relatively long at 415, 287 and 209 days for 2023, 2024 and 2025, respectively. During the Track Record Period, we typically granted credit period to customers ranging from 30 days to two years. See “Financial Information—Discussion of Major Balance Sheet Items—Trade and Bills Receivables.” Despite the fact that we have taken internal measures to enhance the management and collection of trade receivables, we cannot assure you of the effectiveness of such measures. Moreover, our customers could experience financial difficulties or encounter other issues in settling the trade receivables with us due to various factors, some of which could be beyond their and our control, such as adverse changes in the competitive landscape and economic conditions, and government policies of the relevant industries. As a result, we may not be able to timely recover relevant trade receivables, if at all, and we will recognize impairment losses associated with such amounts due. Our trade receivable balance may also continue to grow alongside our normal course of business, which may increase our risks for uncollectible receivables. If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, results of operations and financial condition.

Our ability to meet our financial obligations largely depends on the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, results of operations and financial condition may be adversely affected, and we may not be able to expand our business.

We are exposed to risks associated with our investments in wealth management products.

We had financial assets at fair value through profit or loss (“FVTPL”) of RMB2,635.6 million, RMB701.0 million and RMB882.6 million as of December 31, 2023, 2024 and 2025, respectively, substantially of which represented our investments in wealth management and structured deposit products. We have implemented investment and treasury management policies during the Track Record Period in connection with our investments in wealth management products. See “Financial Information—Discussion of Major Balance Sheet Items—Financial Assets at FVTPL—Our investment policies.”

We are subject to risks associated with non-performance by the counterparties. For example, the banks and/or securities companies that issue wealth management products may fail to perform their contractual obligations in the event of bankruptcy or insolvency. Any material non-performance of our counterparties with respect to the wealth management products we invest in could materially and adversely affect our results of operations, financial position and cash flow. Furthermore, our investments in wealth management products are subject to the overall market conditions, including the capital markets, which exposes us to the risk of valuation uncertainty.

The fair value of our investments in wealth management products during the Track Record Period was based on one or more significant observable inputs. Any volatility in the market or fluctuations in interest rates may negatively impact on the fair value of these wealth management products, which may in turn have a material adverse effect on our results of operations and financial condition.

RISK FACTORS

In addition, we recorded fair value loss on equity investments at FVTOCI, net of tax, of nil and RMB12.7 million and fair value gain of RMB38.0 million in 2023, 2024 and 2025, respectively. Such fair value change in 2024 and 2025 was primarily due to the valuation adjustment of certain equity investments. The fair value measurements of certain of our unlisted equity investments at FVTOCI involve using significant unobservable inputs under level 3 of the fair value hierarchy (the “Level 3 Investments”). Specifically, the fair value of the Level 3 Investments was estimated using the market approach. Accordingly, such determination requires us to make estimates and assumptions, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control, such as general economic condition, changes in market interest rates, and stability of the capital markets, can significantly influence and cause adverse changes to the estimates we used and thereby affect the fair value of the Level 3 Investments. Should any of the estimates and assumptions changed, there may be a change in the fair value of our financial assets, which may in turn have a material adverse effect on our results of operations and financial condition.

Failure to satisfy our obligations related to our bank borrowings may materially and adversely affect our business, results of operations and financial condition.

We have used, and may continue to use, bank borrowings to finance our working capital requirements and capital expenditures. As of December 31, 2024 and 2025, we had borrowings of RMB158.3 million and RMB823.6 million, respectively, with interest rates ranging from 2.50% to 5.99% and 2.50% to 3.50% per annum. We may also from time to time in the future look for other debt financing opportunities to refinance our existing loans or support our business expansion.

To secure our bank and other borrowings, we may grant security interests from time to time. See Note 32 to the Accountant’s Report in Appendix I to this document. We may also grant security interests over our assets in the future. Any failure to satisfy our obligations under these borrowings could lead to foreclosure of the assets that secure these borrowings, if any, disruption to business operations, or otherwise damage our reputation in the industry and our relationship with customers, all of which could materially and adversely affect our business, results of operations and financial condition.

We are subject to certain restrictive covenants under the terms of our bank borrowings, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds related to the borrowings, and our ability to engage in change-in-control transactions, make long-term investments, transfer indebtedness, sell, transfer or otherwise dispose of assets related to the borrowings, and reduce our working capital. If we were to breach the covenants, as agreed by the borrowing banks, they would perform a comprehensive risk assessment on us before accelerating our borrowings. However, we cannot assure you that we would be able to pass such risk assessment or otherwise obtain a waiver in a timely manner, on acceptable terms or at all. As a result, we would be in default of such loans, and the relevant counterparty could elect to declare the borrowings, together with accrued and unpaid interest and other fees, immediately due and payable and proceed against security interests under such borrowings, if any. If the borrowings were to be accelerated, our business and liquidity could nevertheless be subject to adverse effects. In addition, such waiver, even if granted, may lead to increased costs, increased interest rates, additional restrictive covenants and other protections available to the counterparties under these borrowings, including the granting of additional security interests, which could adversely affect our business, results of operations, financial condition, and our ability to acquire additional capital resources.

We have granted and may continue to grant share awards, which could result in share-based payment expenses that may affect our financial performance, and potentially dilute existing Shareholders’ ownership.

We have adopted certain share award scheme that permits the grant of share awards, such as restricted A Shares, to our Directors, senior executives and other eligible persons, such as employees. We believe the granting of such share awards is important to our ability to attract, retain and motivate our management team and qualified employees. For details, see Note 36 to the Accountant’s Report in Appendix I to this document for details. We are required to recognize share-based payment expenses

RISK FACTORS

based on the fair value of granted share awards. We recorded share-based payment expenses of RMB86.7 million, RMB189.5 million and RMB128.7 million in 2023, 2024 and 2025, respectively. Any additional grant of share awards by us will further increase our share-based payment expenses, which may adversely affect our results of operations and financial condition, and potentially dilute existing Shareholders’ ownership.

Discontinuation of preferential tax treatment to us in China could adversely affect our results of operations and financial condition.

Pursuant to the PRC Enterprise Income Tax Law and related regulations, enterprises which operate in China are generally subject to enterprise income tax at a statutory rate of 25% on the taxable profit, while enterprises recognized as a “high and new technology enterprise” (高新技術企業) (“HNTE”) are entitled to a preferential tax rate of 15%. Our Company was recognized as an HNTE in December 2020 and renewed the HNTE status in November 2023. As a result, our Company enjoyed a preferential income tax rate of 15% during the Track Record Period. Chengdu Intellifusion and D-infuture Tech was also recognized as an HNTE in December 2024. Continued qualification as an HNTE is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In addition, certain subsidiaries meet the micro and small enterprises qualification under relevant PRC laws and regulations, and therefore are subject to lower tax rates for part of their assessable profits. In the event the preferential tax treatments are discontinued or not verified by the local tax authorities, and the affected entity fails to obtain preferential tax treatments based on other qualifications, it will become subject to the standard PRC enterprise income tax rate of 25%. There is no assurance that we will continue to be qualified to enjoy the above-mentioned preferential tax treatments, or such treatments will not change in the future, which may have a negative impact on our business, results of operations and financial condition.

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

We have received government grants in relation to our R&D activities and business achievements. We recognized government grants under other income of RMB74.3 million, RMB97.9 million and RMB140.2 million in 2023, 2024 and 2025, respectively. However, these policies may be subject to changes that are beyond our control. We cannot assure you that favorable government policies will continue. In addition, the timing, amount and conditions of government grants are within the sole discretion of the governmental authorities. Governmental authorities may require us to perform certain contractual obligations before we could receive such grants, and we cannot assure you that we could always fully satisfy these conditions or perform the obligations. In such cases, the governmental authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trends in government grants could adversely affect our business, results of operations and financial condition.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or otherwise harm our business.

Our business is subject to regulation by various governmental agencies in China, including agencies responsible for monitoring and enforcing compliance with various legal obligations, such as environment-related laws and regulations, intellectual property laws, employment and labor laws, governmental trade laws, import and export controls, anti-corruption and anti-bribery laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be different or more stringent than in China. These laws and regulations may increase our compliance costs. Non-compliance with applicable regulations or requirements may subject us to negative consequences, including:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our offerings;
- monetary damages and fines;

RISK FACTORS

- civil and criminal penalties or injunctions;
- termination of contracts;
- loss of intellectual property rights; and
- failure to obtain, maintain or renew certain licenses, approvals and permits.

Responding to any action will likely result in a significant diversion of our management’s attention and resources and incur significant costs. If we fail to comply with relevant laws and regulations, or if we fail to defend ourselves in relevant legal or administrative proceedings, our business, results of operations and financial condition could be adversely affected.

We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be, from time to time, involved in litigation, other legal proceedings or disputes with our employees, suppliers or customers during the ordinary course of business operations related to, among other things, products and other types of liability, labor disputes or contractual disputes. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management’s attention from our business activities. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our reputation, business, prospects, results of operations and financial condition.

We may be subject to fines for failing to register the lease agreement of leased property.

Pursuant to applicable PRC laws and regulations, property lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. 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, among other things. 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. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

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.

We lease properties for our office, R&D and other uses. 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. Therefore, we cannot assure you that such lessors are entitled to lease the relevant properties 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

RISK FACTORS

owners. 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. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased properties, we could be required to vacate the properties, in which event we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be interrupted.

Under the PRC legal regime regarding the land use right, land shall be used in line with the approved usage of the land. Any change as contemplated to the usages of land shall go through relevant land alteration registration procedures by landlords. As such, failure to do so may subject the landlords to a fine, additional expenses or retrieval of land or removal of the buildings by the PRC government authorities and therefore we may need to move our offices or relevant properties somewhere else and may incur additional expense or experience disruption of our operation due to our defective property rights, which could adversely affect our finance, business and operations.

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.

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. 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 any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance, and a late payment fee of up to 0.02% per day. In addition, if any of the relevant housing provident fund authorities are of the view that our contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, the relevant housing provident fund authority may apply to a PRC court for an order of mandatory payment. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations or adjust or rectify our arrangements with the third-party human resource agencies. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

RISK FACTORS

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in China. We may be subject to investigations and proceedings by PRC governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We may need additional capital for business growth, product development, R&D and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts.

We may require additional capital beyond that generated by the operating activities from time to time to carry out R&D activities for developing and enhancing our products and technologies, grow our business and better serve our customers, among other things. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our A shares and H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders. Our ability to maintain or obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors, including general market conditions for capital raising activities by our peers as well as economic, political and other conditions in China, Hong Kong and globally. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our R&D and business growth could be significantly impaired, and our business and prospects may be adversely affected.

We may be exposed to infringement or misappropriation claims by or disputes with third parties, which could cause us to lose significant rights and pay substantial damages.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. Although we search third parties’ intellectual property rights prior to beginning any development projection, our products and technologies and any uses of our products and technologies could infringe third parties’ intellectual property rights. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs for us and divert the time and attention of our management and technical personnel from our business operations. In addition, our employees could have used third parties’ proprietary know-how or trade secrets during their employment with us, which could result in litigation against us. Prior to our development of major new products, our competitors may make filings for patent protection that may not be publicly available and which our new products may infringe. If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing certain products, or we may be required to pay burdensome royalties to license their products. If we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. Our efforts to identify and avoid infringing on third parties’ intellectual property rights may not be successful, the failure of which may have a material adverse effect on our business, results of operations and financial condition.

RISK FACTORS

Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites could cause confusion to our customers, divert customers away from our products and services or harm our reputation.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from our platforms to theirs. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technologies and knowhow. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

The insurance coverage we have may not adequately protect us against all operating risks.

Our business is subject to a variety of operational risks, including operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, personal injury or casualties, environmental damage, monetary loss and legal liability. The occurrence of any of these events may result in the disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

Despite the fact that we purchase statutory social insurance and the necessary insurance types in accordance with relevant laws and our assets (including fixed assets and vehicles), employee safety, cargo transportation and other applicable items/risks are covered by commercial insurance after risk assessment and management team approval, we may not have adequate or full business liability, interruption or litigation insurance coverage for our operational risks in China and overseas. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, prospects, results of operations and financial condition may be materially and adversely affected.

We may not be able to effectively maintain our relationships with our business partners. Any negative development with respect to our relationships with our business partners may materially and adversely affect our business and brand.

We established business relationship with third-party business partners. We cooperate with and will continue our substantial cooperation with our business partners in various aspects. If any of our business partners discontinues their cooperation with us, reduces, suspends or terminates any type of support to us, we need to obtain such support from other business partners, or improve the capacities on our own. If we are unable to maintain our relationship with business partners, our business and results of operations could be materially and adversely affected.

RISK FACTORS

We may be the subject of unfair competition, harassing or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings and the public dissemination of malicious statements related to us that could harm our reputation and affect our business operations.

As an established brand, our image is sensitive to the customers’ perception of us as a business in entirety, which includes not only the quality our products and services but also our corporate management and culture. We cannot guarantee that we may not be the subject of unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, it cannot be assured that such measures will always be effective in the future. Any such detrimental conduct against our Company, Directors, employees, spokespersons or products, regardless of veracity, could harm our reputation, or lead to potential loss of consumer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, results of operations, financial condition, reputation and prospects may be materially and adversely affected.

We may fail to maintain effective internal control measures.

We have implemented various measures to improve our internal control. However, our internal control measures are subject to continuous evaluation and improvement, there can be no assurance that all such measures will prove effective or that material deficiencies in our internal control measures will not be discovered in the future. Our efforts to improve our internal control measures have required, and may still require in the future, increased costs and significant management time and commitment. If we fail to maintain effective internal control measures, our business, results of operations, financial condition or reputation may be materially and adversely affected.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts, as well as the outbreak of a widespread health epidemic such as COVID-19, SARS, Ebola or Zika could pose significant risks to the regions where we or our business partners conduct business operations, including the R&D and commercialization activities. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also damage the facilities of our business partners, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISK FACTORS

Our Single Largest Shareholder may have substantial influence over our Company and his interests may not be aligned with the interests of other Shareholders.

Upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes), our Single Largest Group of Shareholders will hold [REDACTED]% of our total issued Shares. As a result, Single Largest Group of Shareholders, will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions.

It may take actions that are not in the best interest of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of our Company and may reduce the price of the Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our ordinary shares may view as beneficial.

RISKS RELATED TO THE JURISDICTION IN WHICH WE OPERATE OUR BUSINESS

The economic and social conditions in China could affect our business, results of operations, financial conditions and prospects.

During the Track Record Period, majority of our revenue was derived from our businesses in China. Accordingly, our business, results of operations, financial condition and prospects are, to a material extent, subject to economic, political and legal developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China’s reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be affected.

Any changes embedded in the legal systems of certain jurisdictions where we operate could adversely affect our business, results of operations and financial condition, and our investors could be affected as a result.

The legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes and others are largely based on common law. Unlike common law systems where the case laws have binding effects, prior court decisions under civil law systems may be cited for reference but have limited precedential value. We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is a law system based on written statutes. As the legal system in China continues to develop, laws and regulations may continue to evolve and be subject to interpretation, which may adversely affect the legal protections and remedies that are available to us and our investors.

The PRC government policy on foreign investment in the PRC may adversely affect our business and results of operations.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024) (外商投資准入特別管理措施(負面清單)(2024年版), the “Negative List”) issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are

RISK FACTORS

prohibited for foreign investment. As of the Latest Practicable Date, our main business in China does not fall within the Negative List. However, certain industries, such as Internet news information services, online publishing services, online audio-visual program services, and Internet cultural operations, are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the Negative List may be updated from time to time in the future. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may need to sell or restructure our business which has become restricted or prohibited for foreign investment. If we need to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, financial condition and results of operations may be adversely affected.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, PRC tax laws and regulations may be adjusted from time to time. Our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected by such tax regulations, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. The PRC tax laws and regulations may change from time to time in the future and may also have an adverse effect on our business, financial condition and results of operations.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with future security activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) (the “July 6 Opinion”), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and [REDACTED] of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. The July 6 Opinion aims to achieve this by establishing a regulatory system and revising the existing rules for overseas listings of Chinese entities and affiliates including potential extraterritorial application of Chinese securities laws.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “Overseas Listing Trial Measures”) and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for [REDACTED] to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, according to the Overseas Listing Trial Measures, any future share issuance or [REDACTED] after this [REDACTED] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after this [REDACTED]. Any failure to complete such filing or reporting procedures would subject us to administrative penalties by CSRC which could harm our reputation and may adversely affect our results of operations and financial condition.

We cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities,

RISK FACTORS

we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the price of our H Shares.

Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares (“Non-Chinese Resident Individual Holders”), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知(國稅函[2011]348號)) dated June 28, 2011 and issued by the State Taxation Administration (the “SAT”), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See “Regulatory Overview—Regulations on Tax.” In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the “Individual Income Tax Law”) and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese Mainland resident individual holders on the transfer of shares in Chinese Mainland resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the Chinese tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “EIT Law”) and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得稅有關問題的通知(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including [REDACTED]). Non-Chinese resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the Chinese tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese tax authorities’ approval. See “Regulatory Overview—Regulations on Tax.” There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders’ investments in H Shares may be materially and adversely affected.

RISK FACTORS

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management residing in China.

We are a company incorporated under the laws of China, and a substantial majority of our assets are located in China. In addition, most of our Directors and senior management reside within Chinese Mainland. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside China should follow the rules set forth in the Civil Procedure Law of the People’s Republic of China as well as other applicable laws, regulations and interpretations. It would generally require you to commit more time and economic cost. On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”). Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”) and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any specific applications to recognize and enforce such judgments and arbitral awards in China.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be

RISK FACTORS

verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. The procedures, however, may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to PRC and [REDACTED] and regulatory requirements.

As we are listed on the Shanghai Stock Exchange and will be [REDACTED] on the [REDACTED], we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange, and the regulatory requirements and characteristics of the A Share and H Share markets may differ. An active [REDACTED] market for our H Shares may not develop or be sustained.

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

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

RISK FACTORS

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the [REDACTED] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the [REDACTED]. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [REDACTED] of our Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future, and you may have to rely on price appreciation of our Shares for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we may not pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has discretion as to formulate a dividend distribution plan, subject to certain restrictions under PRC laws and regulations. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Shareholders decide to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flows, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares. For further details of our dividend policy, see “Financial Information—Dividend Policy.”

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [REDACTED] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] volume of our H Shares to decline.

RISK FACTORS

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

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

The industry data and forecasts in this document obtained from various official government sources have not been independently verified.

This document includes industry data and forecasts extracted from the report prepared by CIC, which was commissioned by us, and from various official governmental publications and other publicly available publications. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from official government sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. The information from official government sources has not been independently verified by us or any other parties involved in the [REDACTED], or any of our or their respective directors, senior management, representatives, advisors or any other persons involved in the [REDACTED] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your investment in our H Shares.

Regulatory requirements and characteristics of the A share and H share markets may differ.

Our A Shares are currently listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED]. We will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

In addition, the A share and H share markets have different characteristics, including different [REDACTED] and liquidity and different investor bases. Without regulatory approval, our A Shares and H Shares are neither convertible into nor fungible with each other. As a result of these differences, the [REDACTED] of our A Shares and H Shares may not be the same. Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and the H share markets, the historical prices of our A shares may not be indicative of the performance of our H Shares. You should not rely on the prior trading history of our A Shares when evaluating an [REDACTED] in our H Shares.

RISK FACTORS

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

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

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our H Shares. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

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

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

- (a) **Authorized representatives:** we have appointed Mr. Deng Haoran (鄧浩然) and Ms. Yeung Siu Lam (楊兆琳) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon the request of the Stock Exchange;
- (b) **Directors:** when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required. We will also inform the Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number (if any), email address and/or fax numbers (if any)) of all Directors to facilitate communication with the Stock Exchange.

All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

- (c) **Compliance Advisor:** we have appointed Somerley Capital Limited as our compliance advisor upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance advisor will serve as the additional channel of communication with the Stock Exchange when the authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management who will provide such information and assistance as our compliance advisor may need or reasonably request in connection with the performance of its duties as set out in Chapter 3A of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame; and

- (d) **Legal advisors:** we will also engage legal advisors to advise on compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Codes;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

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

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Deng Haoran (鄧浩然) (“Mr. Deng”), our executive Director, Chief Financial Officer and Board secretary, as one of our joint company secretaries. He has considerable experience in financial management as well as corporate development but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Yeung Siu Lam (楊兆琳) (“Ms. Yeung”), an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) in Hong Kong and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Deng for an initial period of three years from the [REDACTED] to enable Mr. Deng to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Chen Ning (陳寧)	No. 8 Gaoxin South 4th Road Nanshan District Shenzhen, Guangdong PRC	Chinese
Li Jianwen (李建文)	Room 1401, Block B, Pengdu Building 126 Nanguang Road, Nanshan District Shenzhen, Guangdong PRC	Chinese
Deng Haoran (鄧浩然)	Room 1817, Building 29 Phase 2, Vanke City, No. 2 Banxuegang Avenue Longgang District Shenzhen, Guangdong PRC	Chinese

Non-executive Director

Name	Address	Nationality
Li Jia (李佳)	Room 020D, Building 120 Yitian Village, Yitian Road, Futian District Shenzhen, Guangdong PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Feng Shaojin (馮紹津)	Room 15F, Building 91 148 Meilin Road, Meilin First Village Futian District Shenzhen, Guangdong PRC	Chinese
Deng Yangdong (鄧仰東)	Room 1301, Unit 4, Building 5 Shuangqing Community Shuangqing Road, Haidian District Beijing PRC	Chinese
Yao Pingping (姚平平)	Flat 1, 34/F, Block C Imperial Court 62G Conduit Road Hong Kong	Chinese

Further information is set out in the section headed “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Huatai Financial Holdings (Hong Kong) Limited

62/F, The Center
99 Queen’s Road Central
Hong Kong

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong law and U.S. law:

Baker & McKenzie

14/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

As to PRC law:

King & Wood

28/F, China Resources Tower

2666 Keyuan South Road

Nanshan District

Shenzhen, Guangdong

PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	<i>As to International Sanctions law:</i> Commerce and Finance Law Offices LLP 45 Rockefeller Plaza Suite 2000 New York, NY 10111 United States
Legal Advisors to the Joint Sponsors and the [REDACTED]	<i>As to Hong Kong law and U.S. law:</i> DLA Piper Hong Kong 25/F, Three Exchange Square 8 Connaught Place Central Hong Kong <i>As to PRC law:</i> Beijing DeHeng Law Offices 12/F, Tower B, Focus Place 19 Finance Street Beijing PRC
Auditors and Reporting Accountants	Baker Tilly Hong Kong Limited <i>Certified Public Accountants</i> Level 8, K11 ATELIER King’s Road 728 King’s Road Quarry Bay Hong Kong
Industry Consultant	China Insights Industry Consultancy Limited 10F, Block B, Jing’an International Center 88 Puji Road, Jing’an District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Room 4F05, Building 36 Software Town of Universiade No. 8288 Longgang Avenue He’ao Community Yuanshan Sub-district Longgang District Shenzhen, Guangdong PRC
Headquarters and Principal Place of Business in the PRC	Level 14, 15 and 33, Building 10B Shenzhen Bay Science and Technology Ecological Park Yuehai Sub-district Nanshan District, Shenzhen, Guangdong PRC
Principal Place of Business in Hong Kong	Room 1922, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company’s Website	<u>www.intellif.com</u> <i>(the information contained on the website does not form part of this document)</i>
Joint Company Secretaries	Mr. Deng Haoran (鄧浩然) Room 1817, Building 29 Phase 2, Vanke City, No. 2 Banxuegang Avenue Longgang District Shenzhen, Guangdong PRC Ms. Yeung Siu Lam (楊兆琳) ACG HKACG Room 1922, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Authorized Representatives	Mr. Deng Haoran (鄧浩然) Room 1817, Building 29 Phase 2, Vanke City, No. 2 Banxuegang Avenue Longgang District Shenzhen, Guangdong PRC Ms. Yeung Siu Lam (楊兆琳) Room 1922, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Audit Committee	Ms. Feng Shaojin (馮紹津) (<i>Chairperson</i>) Dr. Deng Yangdong (鄧仰東) Ms. Yao Pingping (姚平平)
Remuneration and Appraisal Committee	Dr. Deng Yangdong (鄧仰東) (<i>Chairperson</i>) Ms. Feng Shaojin (馮紹津) Dr. Chen Ning (陳寧)

CORPORATE INFORMATION

Nomination Committee

Ms. Feng Shaojin (馮紹津) (*Chairperson*)
Ms. Yao Pingping (姚平平)
Dr. Chen Ning (陳寧)

Strategy Committee

Dr. Chen Ning (陳寧) (*Chairperson*)
Mr. Deng Haoran (鄧浩然)
Mr. Li Jianwen (李建文)

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

Principal Banks

**China CITIC Bank
Xiangmihu Branch**
No. 101 Xiangyu Street Xiangyu Central Garden,
Nongyuan Road
Futian District
Shenzhen, Guangdong
PRC

**China Merchants Bank
Shangbu Branch**
1st Floor, News Building
No. 1002 Shennan Avenue
Shenzhen, Guangdong
PRC

**China Construction Bank
Bagualing Branch**
No. 50, 1st Bagua Road
Futian District
Shenzhen, Guangdong
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the [REDACTED]. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of China’s AI inference chip-related products and services industry and smart device industry. We have agreed to pay a fee of RMB869,200 (inclusive of tax) to CIC in connection with the preparation of the CIC Report, which we believe to be consistent with market rates. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the CIC Report.

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

The CIC Report was compiled based on the following assumptions: (1) the overall political, economic and social environment in China is expected to remain stable during the forecast period; (2) related key industry drivers are likely to propel continued growth in China’s AI inference chip-related products and services industry and smart device industry throughout the forecast period, including favorable policies; and (3) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

DIRECTORS’ CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the CIC Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

RAPID GROWTH IN AI INFERENCE DRIVEN BY LARGE-SCALE MODEL APPLICATIONS

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.

The parameter size of large-scale models continues to grow, with the cost of training models containing hundreds of billions of parameters surpassing the tens of millions of dollars threshold. Marginal returns are diminishing. Meanwhile, the disruptive decline in inference costs has sparked an explosive surge in inference-based applications. The emergence of domestic open-source models such as DeepSeek has further lowered development barriers by enabling scenario-specific fine-tuning without full training cycles. In addition, progress in domestic chip alternatives is creating a more reliable hardware foundation for large-scale deployment.

INDUSTRY OVERVIEW

AI has progressed from iterative algorithmic improvements to robust advancements in computing infrastructure, fueling innovation in foundational hardware. Within this evolution, AI chips—serving as the core hardware enabling intelligent computing—are emerging as a critical component of the value chain. AI development is also redefining hardware products. Large models are now catalyzing two parallel hardware evolution pathways, including AI-native products, which are entirely new product categories born from rapid AI advancements, and AI-empowered products driven by the enhancement of existing products through AI capability integration.

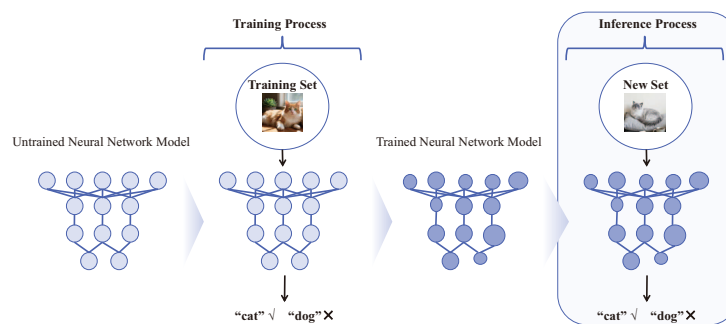
Definition and Classification of AI Chips

AI chips have become indispensable hardware for supporting large-scale computing tasks, playing critical roles in both training and inference—the two fundamental phases of AI model development and deployment. *Training* involves developing AI models using vast datasets and machine learning algorithms. As the cornerstone of AI development, this phase focuses on designing model architectures and optimizing parameters. Its computational demands are driven by the exponential growth in model complexity and training scale. *Inference*, in contrast, applies trained models to new data, enabling tasks such as image, speech, text recognition, classification, and prediction. Its performance hinges on concurrency handling and response speed, tailored to specific deployment scenarios.

Given the stark differences in computational intensity, processing frequency, and deployment environments between these phases, specialized AI chips are required for each: *Training chips* excel at building large-scale AI models, prioritizing high computational precision, massive memory bandwidth, and high throughput. They are primarily deployed in cloud data centers to handle intensive workloads. *Inference chips*, optimized for efficiency, emphasize low latency, cost-effectiveness, power efficiency, and scalability. They power diverse environments—from cloud platforms to edge and terminals—meeting real-time demands across applications.

AI inference refers to the process whereby a trained model utilizes its learned parameters to analyze new, previously unseen data and generate classification results or predictive outcomes. It represents the critical stage in which an AI model transitions from “learning” to “application.”

Training and Inference Process



Source: CIC Report

Note: Labeled data from the training set are fed into an untrained model, for example by using an image labeled as “cat” as a training sample. The model iteratively adjusts its internal parameters based on the discrepancy between its predictions and the true labels, gradually learning relevant features and developing stable recognition capability, ultimately becoming a trained model. After training is completed, the model enters the inference phase, during which it receives an image from the new set that was not included in the training set, and applies the features learned during training to analyze the input and generate a prediction result.

INDUSTRY OVERVIEW

Architecture Evolution of AI Inference Chips

With the rapid popularization of AI applications, to meet the market demand for highly power efficiency AI inference systems with extreme low cost and extreme high performance, the architecture of AI inference chips has undergone a fundamental transformation, shifting from CPU-based general computing and GPU-based general parallel computing to NPU-based AI inference-optimized parallel computing. In the early stages of AI, AI training and AI inference relied on the CPU-based IT infrastructure which were designed for general computing. However, the limitations of CPUs in parallel processing capability and power efficiency prompted the industry to adopt GPUs with general parallel computing capabilities. Currently, the AI training workloads are running on GPUs. Nevertheless, AI training and AI inference are two distinct tasks with significant differences. Although GPUs offer superior parallel computing capabilities, the architecture of GPUs, which is oriented toward graphics processing, is not the optimal choice for tensor operations, such as large-scale matrix operations, especially for AI inference that only focuses on the forward computing of neural networks. As deep learning models used in AI applications grew more complex, exposing GPU shortcomings in power consumption and computational density, the industry pivoted to purpose-built neural processing units (NPUs).

NPUs represent a quantum leap in AI inference acceleration, featuring native support for tensor operations, low-precision quantization, and large-scale parallel processing. These architecture-specialized chips achieve unprecedented improvements in four critical dimensions: (1) reduced latency (enabling real-time inference), (2) enhanced power efficiency (maximizing throughput per watt and expanding deployment to edge devices and terminals), (3) increased computational density (chips can accommodate stronger computing performance) and (4) optimized cost efficiency (facilitating 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.

This architectural evolution from general-purpose CPUs to semi-specialized GPUs, and then to fusion-architecture GPNPUs or specialized-architecture NPUs/ASICs optimized for AI inference workloads mirrors the maturation of AI deployment. The trend of scenario-specific optimization will intensify, with future chips and systems increasingly tailored to the unique computational patterns of vertical applications. This hardware specialization, coupled with algorithmic refinement, is creating a virtuous cycle that propels AI from laboratories to real-world impact.

Main Deployment Locations and Classification of AI Inference Chips

AI inference chips can be categorized into three types based on deployment location: cloud-based inference chips, edge inference chips, and terminal inference chips.

- *Cloud-based inference chips* are deployed in data centers and public cloud servers, offering 100 to over 1,000 TOPS of computing power for high-concurrency tasks and large model inference. While they provide exceptional processing capabilities and elastic scalability, their high power consumption presents significant energy management challenges.
- *Edge inference chips* operate between cloud servers and terminals, typically delivering 10-300 TOPS of computing power for applications such as edge gateways and robots. These chips prioritize low latency, high reliability, and balanced power efficiency, enabling local data processing that reduces cloud dependency and bandwidth requirements. Their middle computing performance makes them ideal for scenarios demanding rapid response times and stable operation near data sources. They are also capable of running compressed AI models, supporting diverse edge intelligence tasks.

INDUSTRY OVERVIEW

- *Terminal inference chips* are integrated directly into lightweight commercial products such as smartphones (1-50 TOPS+) and wearables (0.1-0.5 TOPS), emphasizing ultra-low power consumption and compact designs. These chips enable millisecond-level local inference, enhancing real-time responsiveness while optimizing battery life. As lightweight large-scale models are increasingly being deployed at the terminal level, terminal inference chips play a critical role in supporting applications such as intelligent voice assistants, real-time translation, and image recognition. By processing data on terminals, they significantly improve user experience in mobile applications while minimizing cloud transmission needs.

Technical Evolution of AI Inference Chip-Related Products and Services

The rapid expansion of AI applications across industries is driving three critical requirements for inference chips: greater cost-efficiency, greater power efficiency, and enhanced scenario adaptability. These demands are accelerating innovation across four key technological frontiers.

- *Co-optimization of algorithms and chip architectures.* Advanced co-optimization approaches now integrate the entire development chain, from algorithm analysis to toolchain development, creating hardware specifically tuned for target workloads. This synergy delivers faster, more accurate inference while maximizing resource efficiency, particularly in area- and power-constrained environments.
- *Neural network efficiency and power consumption optimization.* Edge and endpoint deployments require perfect balance between throughput and power efficiency. Cutting-edge techniques optimize MAC (multiply-accumulate) unit structures, implement sparse computation, and streamline memory access paths—maintaining model accuracy while dramatically reducing energy consumption.
- *Processing-in-memory (“PIM”) technology.* Traditional chip architectures separate computation and memory, creating energy-intensive data transfers that slow AI processing. Near-memory computing partially addresses this by positioning compute units closer to memory. PIM technology embeds computation directly within memory cells, enabling data processing without movement. This breakthrough dramatically boosts efficiency and speed, making PIM architecture essential for future AI chips.
- *Chiplet-based heterogeneous integration.* AI’s complexity outpaces monolithic chip capabilities. Chiplet technology decomposes systems into modular NPU, memory, I/O interfaces, and memory blocks, enabling mix-and-match integration on advanced packaging substrates. This paradigm shift delivers three key advantages, including better performance through optimized IP reuse, improved yields via smaller dies, and faster time-to-market through parallel development. Chiplet integration is emerging as a key approach in the next generation of high-performance AI chip design.

Application Scenarios of AI Inference Chip-Related Products and Services

AI inference chip-related products and services serve as essential infrastructure across enterprise, consumer, and industrial applications. In enterprise settings, these chip-related products and services power AI inference servers, edge gateways, and robots for internet companies, AI companies, telecom operators, and research institutions. They provide the computational muscle needed for real-time, large-scale inference tasks that drive business operations and innovation.

For consumer applications, the technology manifests through on-device, cloud-based or hybrid implementations. Wearables incorporate specialized chips emphasizing ultra-low power consumption and compact designs to deliver responsive, privacy-conscious AI experiences. Meanwhile, cloud deployments focus on supporting high concurrency and power efficient processing to handle dynamic user demands across services like smart devices for children, learning devices and smart home devices.

INDUSTRY OVERVIEW

Industrial applications leverage these chip-related products and services through tailored edge and cloud solutions designed for specific vertical needs. From smart city infrastructure to intelligent transportation systems, the technology enables localized processing, custom functionality, and real-time responsiveness. The adaptability of chip-related products and services’ across these diverse scenarios underscores their transformative potential throughout the AI value chain.

Demand for China’s full-scenario AI inference chip-related products and services

China’s full-scenario AI inference chip-related products and services industry encompasses a broad range of hardware and software solutions designed to support AI inference across diverse application scenarios, including enterprise, consumer, and industrial applications. The industry enables a comprehensive full-scenario layout that ensures AI capabilities are seamlessly embedded into all levels of the digital ecosystem.

AI inference chip-related products and services, together with smart devices, form a tightly integrated system that enables efficient, adaptive, and intelligent computing. By working in close synergy, they support comprehensive deployment across cloud, edge, and terminals, ensuring intelligent processing capabilities are available across full scenarios. AI inference chip-related products and services, which serve as the computational backbone, are increasingly embedded in smart devices to meet the growing demand for real-time, on-device AI across diverse application scenarios. Smart devices actively drive AI innovation by collecting valuable real-world data, including visual, audio, semantic, and behavioral data, and providing crucial performance feedback. Moreover, operational metrics and identified performance bottlenecks from deployed devices offer critical insights for the co-optimization of algorithms and chip architectures, creating a continuous improvement cycle where practical applications inform both software and hardware advancements.

The development of full-scenario ecosystems not only drives the evolution of AI inference chip but also facilitates the expansion into downstream applications such as smart devices, offering significant advantages across the entire value chain. AI application scenarios are steadily expanding from industrial manufacturing and smart cities to consumer electronics, enhancing smart devices with stronger data processing and autonomous decision-making capabilities. Full-scenario deployment not only increases the practical value of AI inference chips and smart devices but also unlocks broader market potential for the industry. Against this backdrop, companies with full-scenario capabilities are positioned to gain a stronger competitive edge.

Amid the ongoing expansion of full-scenario AI capabilities, the architectural evolution of NPUs is not limited to advancements in chip design but has also driven transformative changes in smart devices. Smart devices are highlighted separately here, as they carry inherent brand value in addition to serving as platforms for computation, data generation, and intelligent user interaction. The following content will be divided into two parts for analysis: AI inference chip-related products and services and smart devices, as these two components differ in their respective value propositions.

OVERVIEW OF CHINA’S AI INFERENCE CHIP-RELATED PRODUCTS AND SERVICES INDUSTRY

Definition of AI Inference Chip-Related Products and Services

The AI inference chip-related products and services combine specialized hardware and software components to deliver real-time AI processing capabilities. In addition, they are often accompanied by computing power services, further addressing diverse inference workloads and forming a more comprehensive, end-to-end solution. At its core, the hardware features power efficient chip architectures paired with optimized deployment frameworks. The software stack forms the intelligent backbone, comprising key elements like algorithm models, compiler toolchains, instruction sets, and processor architectures, all working in concert to maximize hardware potential through scenario-specific

INDUSTRY OVERVIEW

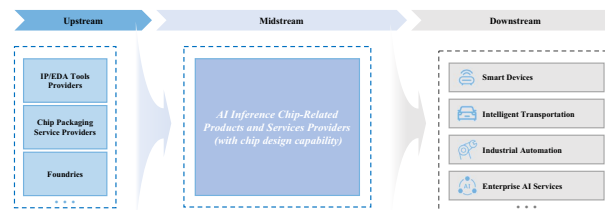
optimizations. This holistic approach enables developers to fully leverage chip capabilities while dramatically reducing deployment complexity, bridging the gap between theoretical AI models and practical, high-performance implementations.

Value Chain Analysis of AI Inference Chip-Related Products and Services

The industry value chain for AI inference chip-related products and services comprises three core segments. The upstream segment includes IP providers, which design and license reusable semiconductor intellectual property blocks such as processor cores, memory controllers, and interface standards; EDA tool vendors, which supply electronic design automation software for chip design, verification, and testing; as well as chip packaging and testing companies and foundries, all of which offer the essential technological foundations and manufacturing capabilities. The midstream segment is centered around AI inference chip-related product and service providers, who leverage their innovation capabilities and accumulated technical expertise to carry out circuit design and verification, while carefully balancing performance, power consumption, and cost. The downstream segment involves the deployment of AI inference solutions across a wide range of application scenarios. The diversity of downstream demand drives chip design companies to build extensive product portfolios, enabling them to meet varied customer needs through flexible product combinations.

Our products and services in enterprise- and industrial-class scenarios operate primarily within the midstream and downstream of the industry value chain.

Value Chain of AI Inference Chip-Related Products and Services



Source: CIC Report

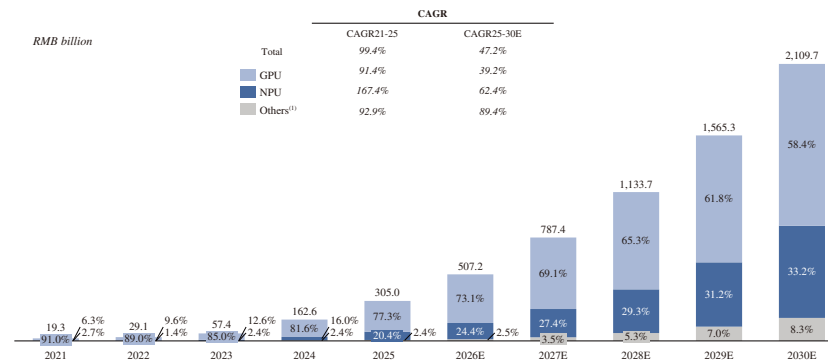
Market Size of AI Inference Chip-Related Products and Services Industry in China

China has witnessed a rapid growth in the demand for AI chips. The market size of AI chips-related products and services market in China expanded from RMB28.4 billion in 2021 to RMB427.3 billion in 2025, at a CAGR of 97.0%, and is expected to reach RMB2,637.5 billion by 2030, at a CAGR of 43.9% from 2025 to 2030.

The AI inference chip-related products and services industry in China is experiencing rapid growth. The market size expanded 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. 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.

INDUSTRY OVERVIEW

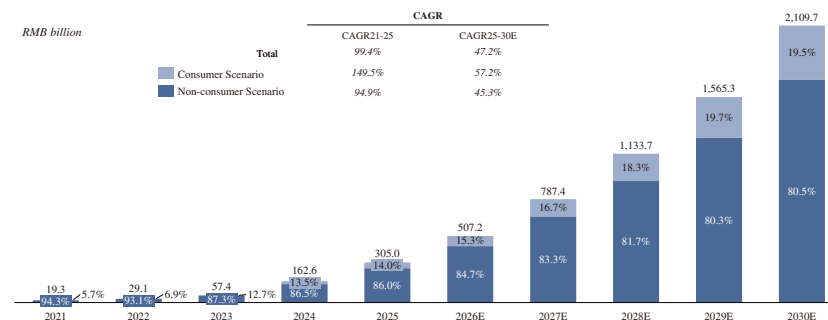
Market Size of China’s AI Inference Chip-Related Products and Services Industry, in terms of Revenue, 2021-2030E



Source: IDC, CIC Report

- (1) “Others” means other AI-capable hardware components that are not strictly categorized as GPUs or NPUs, but are also used in AI inference scenarios

Market Size of China’s AI Inference Chip-Related Products and Services Industry, in terms of Revenue, by Downstream Industry, 2021–2030E



Source: IDC, China Insights Consultancy

The consumer scenario is the fastest-growing segment in China’s AI inference chip-related products and services market, recording a CAGR of 149.5% between 2021 and 2025, compared with 94.9% for the non-consumer scenario, which mainly refers to enterprise and industry scenarios. Nevertheless, both segments are expected to maintain strong growth momentum during 2025-2030, with the consumer scenario projected to further expand its share.

Key Drivers and Trends for China’s AI Inference Chip-Related Products and Services Industry

Key growth drivers and trends of China’s the AI inference chip-related products and services industry include the following.

- *Surging demand for AI inference.* The explosive growth of large AI models has become a primary catalyst for inference demand. Applications like AI-generated content, virtual assistants, and digital humans are generating exponentially increasing inference requests.

INDUSTRY OVERVIEW

- *Enterprise digital transformation.* Businesses are driving demand through widespread adoption of AI-powered automation and analytics. Enterprises are demonstrating strong demand for both public cloud and private AI deployments. The demand, combined with growing pressure to optimize operational efficiency, has made cost-effective AI inference chip-related products and services a strategic priority for corporate IT infrastructure.
- *Consumer electronics revolution.* The consumer market presents unique challenges for inference chip deployment. Smart wearables like earbuds and watches require chips that combine high performance with ultra-low power consumption to overcome strict size, battery, and thermal constraints. Rising consumer expectations for real-time, personalized AI experiences with strong privacy protections are further accelerating adoption of efficient on-device inference solutions.
- *Government-led infrastructure demand.* At the industrial level, national policy initiatives are actively driving the development of next-generation cities characterized by digitalization, interconnected networks, and intelligent systems. For example, the General Office of the State Council has proposed the development of key projects such as comprehensive urban operation management service platforms and City Information Modeling (“CIM”) platforms. These large-scale projects require massive computing infrastructure, making operational cost control a critical concern. As a result, AI inference chip-related products and services must deliver exceptional performance-to-power ratios to meet the demands of urban-scale deployments and intelligent industrial parks.
- *Continuous technological advancements.* The supply side is responding with rapid innovation in chip architectures and manufacturing processes. Concurrent improvements in supporting toolchains and model compression techniques are significantly reducing deployment barriers. These technological iterations are enhancing every aspect of inference chips, from power efficiency to computational density.
- *Compelling economic advantages.* Inference chips hold distinct advantages over training solutions in cost efficiency and deployment flexibility. As production scales up, supply chains optimize, and flexible and shared resource allocation is achieved, the cost per unit of computing power continues to decline. This superior cost-performance ratio makes AI inference chip-related products and services increasingly attractive for commercial deployment across all market segments.
- *Expansion of application scenarios.* AI inference chip-related products and services are expanding into new vertical applications, moving beyond traditional uses to power advanced domains like autonomous driving, robots and AI agents. These cutting-edge applications demand significantly higher performance—including sub-millisecond latency, fail-safe reliability, and autonomous decision-making capabilities. As inference solutions become deeply integrated into specialized industry workflows, they are evolving from basic functional tools to optimized, high-efficiency systems that enable widespread commercial deployment.
- *Rising NPU penetration.* The integration of NPUs, which are better suited for AI inference, into a wide range of terminals has become a clear industry trend. This trend is reflected in the steadily rising penetration of NPUs in AI inference chips, increasing from 6.3% in 2021 to 20.4% in 2025, and projected to reach 33.2% by 2030. NPU-powered hardware is rapidly proliferating, reshaping deployment pathways and accelerating the expansion of the AI inference chip ecosystem.

INDUSTRY OVERVIEW

OVERVIEW OF CHINA’S SMART DEVICE INDUSTRY

Definition of Smart Devices

Smart devices serve as critical infrastructure that bridges cloud platforms, edge nodes, and end-user environments, and with substantial scale. These AI-enhanced terminals now integrate advanced perception, real-time processing, and autonomous decision-making capabilities, transforming from simple control units into sophisticated cognitive systems. This architectural shift enables devices to not just collect data but understand contexts and initiate appropriate actions, marking a fundamental transition from programmed operations to true ambient intelligence.

Designed for deep domain integration, next-generation smart devices incorporate specialized sensor arrays and processing modules tailored to specific use cases. From precision image recognition to natural voice interaction, these purpose-built systems deliver customized intelligence while maintaining efficient operation. This trend reflects the maturation of embedded AI, marking a shift from merely receiving information and responding passively to actively perceiving and intelligently responding. Devices are increasingly capable of perceiving, analyzing, and adapting to their environments, enabling more natural and anticipatory interactions.

Classification of Smart Devices

Smart devices increasingly employ hybrid cloud-device architectures, using cloud collaboration for complex tasks while advancing localized processing through improved model compression and inference chips. This evolution delivers key consumer benefits: lower latency, stronger privacy, and more efficient interactions through edge computing.

Consumer-class smart devices⁽¹⁾ can be broadly categorized into three main categories based on their form and function. Smart home devices such as smart speakers and smart cameras, focus on voice interaction, security monitoring, and behavior perception within the household environment. Some of these devices perform initial processing locally before uploading complex data to the cloud for in-depth analysis. Wearable devices include AI-powered earphones, smart glasses, and smartwatches. They emphasize lightweight design and power-efficient inference, making them suitable for mobile environments where real-time perception and feedback are essential. Smart devices for children and learning devices are interactive devices with capabilities such as speech recognition and image processing that deliver intelligent experiences combining education and entertainment. These are tailored to specific needs such as early childhood learning and companionship.

Value Chain Analysis of Smart Devices

The value chain of smart devices comprises three key segments, including (1) upstream component suppliers, producing key elements that define device functionality and form factor, including core IC chips by semiconductor manufacturers, as well as sensors, display modules, batteries, and structural components, (2) midstream design and manufacturing specialists including Independent Design Houses, or IDH, for system integration and Original Design Manufacturers, or ODM, for production, and (3) downstream brand owners handling product definition, distribution, and consumer engagement, creating an efficient, specialized ecosystem from components to end-user experiences.

The value chain of smart devices is undergoing significant transformation as AI integration accelerates. Upstream component suppliers, including chip manufacturers and producers of other structural components are making breakthrough advancements in computing density and power efficiency, equipping devices with increasingly powerful on-device AI capabilities. These innovations

⁽¹⁾ Smart devices referenced here specifically refers to consumer-class products, purpose-built for targeted scenarios, excluding smartphones, personal computers, tablets, and automobiles. While these excluded categories also incorporate AI capabilities, they are primarily designed as multifunctional computing terminals, rather than smart devices such as AR glasses optimized for specialized intelligent functions.

INDUSTRY OVERVIEW

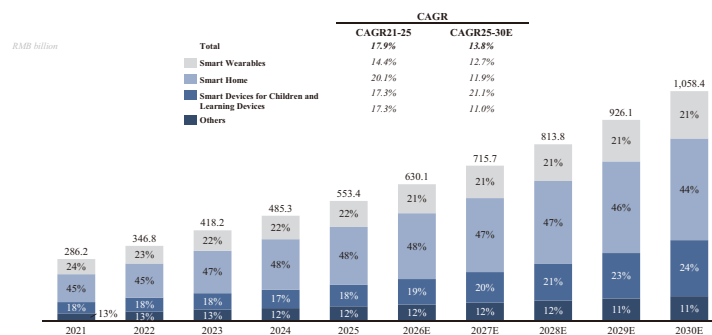
are enabling smarter, more autonomous functionality across consumer products. The midstream segment has become a strategic battleground, with IDHs and ODMs developing distinct value propositions. With growing focus on AI technology, the IDHs are emerging as a key competitive factor. IDHs now offer comprehensive solution services spanning hardware design, algorithm optimization, and system integration—delivering deeper technical expertise than traditional ODMs. Their ability to provide customized hardware-software co-development solutions enables strong product differentiation for specific industry applications, while ODMs focus on manufacturing excellence and rapid time-to-market. Brand owners are leveraging their market position to drive continuous innovation, using deep user understanding to guide product evolution. In an era of converging technologies and fragmented demand, the industry’s progress increasingly depends on seamless cross-chain collaboration—combining upstream technical capabilities, midstream integration expertise, and downstream market intelligence to create winning smart device ecosystems.

Our main offerings consist of smart devices for consumer-class scenario, which serve both midstream and downstream segments.

Market Size of China’s Smart Device Industry

China’s smart device industry is experiencing rapid growth, particularly in consumer scenarios. 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.

Market Size of China’s Consumer-Class Smart Device Industry, 2021–2030E



Source: Statista, CIC Report

Key Drivers and Trends for China’s Smart Device Industry

Key growth drivers and trends of China’s smart device industry include the following.

- *AI-driven transformation of smart devices.* The maturation of large AI models is fundamentally redefining smart device capabilities, extending advanced inference from the cloud to the edge through cloud-edge-device collaboration. AI-native products, as entirely new categories born from the advancement of AI technologies, are built around the capabilities of large models and offer intelligent services such as autonomous decision-making. In addition, traditional devices are being AI-empowered, enabling continuous functional enhancement. These devices are rapidly evolving from passive hardware into intelligent agents capable of proactively sensing user intent and delivering responsive services.
- *Regulatory framework and industry development.* China’s expanding smart device market has seen progressive policy implementation, releasing an implementation plan for the digital transformation of the electronic information manufacturing industry (電子信息製造業數字化).

INDUSTRY OVERVIEW

轉型實施方案), which establishes robust requirements for data privacy, security, and interoperability. In September 2024, the MIIT issued a notice titled Guidelines for Advancing the Development of the Mobile IoT and the Vision of Everything Connected (關於推進移動物聯網「萬物智聯」發展的通知), further accelerating industry transformation by emphasizing the strategic value of integrated hardware-software solutions in driving demand for computing and storage services. These measures are elevating product quality, building consumer trust, and creating new value across the smart device ecosystem.

- *Domestic innovation and supply chain resilience.* Chinese smart device manufacturers are transitioning from import substitution to global technological leadership, supported by strong policy backing and domestic market demand. Breakthroughs in AI chips, proprietary algorithms, and system software have enabled Chinese firms to secure critical technological independence, significantly strengthening supply chain stability.
- *Advancing multimodal intelligence at the edge.* Smart devices are undergoing a fundamental transformation, evolving from basic sensors to sophisticated edge computing nodes. Through advancements in sensing technologies and AI algorithms, modern devices now integrate multiple input modalities, including visual, auditory, gestural, and emotional recognition, enabling more natural human-machine interactions. This shift from passive data collection to active environmental understanding and contextual response represents a quantum leap in device intelligence, making multimodal perception the new industry standard.
- *Rise of integrated solution offerings.* The industry is moving beyond standalone hardware to embrace holistic hardware-software-service business models. Forward-thinking IDH firms are developing proprietary algorithm platforms, management systems, and analytics backends that combine with their hardware expertise. These bundled solutions deliver significantly enhanced value through improved product functionality, stronger customer loyalty via recurring service revenue, and more sustainable business models that transcend traditional one-time hardware sales.
- *Ecosystem-centric development.* As device complexity and application scenarios multiply, seamless ecosystem integration has become critical. Leading enterprises now prioritize three key dimensions: tight hardware-software coordination, universal platform compatibility, and intelligent cross-device collaboration. This evolution from isolated products to interconnected systems enables unified management of device networks and coordinated responses across scenarios, dramatically improving both user experiences and operational efficiency while fostering a more vibrant smart device ecosystem.

COMPETITIVE LANDSCAPE

Only a selected group of industry leaders can provide integrated solutions across all the enterprise, consumer, and industrial applications. We stand among this elite tier as one of the top three industry leaders, in terms of revenue, uniquely positioned to deliver full-scenario AI inference chip-related products and services from the Chinese market.

The AI inference chip-related products and services industry broadly consists of two groups: independent vendors with full-stack capabilities and commercially available products, and providers offering internal business needs. We focus exclusively on the first group of independent players with AI inference chip-related products and services.

China’s AI inference chip-related products and services industry is oligopolistic, with the two leading players collectively commanding approximately 83.6% market share in 2025. In 2025, we ranked No. 10 among all AI inference chip-related products and services providers from the Chinese market, in terms of revenue. The following table shows the ranking of top players in the industry.

INDUSTRY OVERVIEW

Ranking of AI Inference Chip-Related Products and Services Providers from the Chinese market⁽¹⁾ by Revenue in 2025

Ranking	Company	Revenue from AI Inference Chip-Related Products and Services (RMB billion)	Market Share (%)	Main Technology Roadmap
1	Company A ⁽³⁾	~200.0	~66.8%	GPU
2	Company B ⁽⁴⁾	~51.1	~16.7%	NPU
3	Company C ⁽⁵⁾	~5.5	~1.8%	NPU
4	Company D ⁽⁶⁾	~3.0	~1.0%	XPU ⁽²⁾
5	Company E ⁽⁷⁾	~1.6	~0.5%	GPU
6	Company F ⁽⁸⁾	~1.5	~0.5%	GPU
7	Company G ⁽⁹⁾	~1.0	~0.3%	GPU
8	Company H ⁽¹⁰⁾	~1.0	~0.3%	GPU
9	Company I ⁽¹¹⁾	~1.0	~0.3%	GPU
10	Our Company	~0.7	~0.2%	NPU

Source: Corporate Public Information and Annual Reports, CIC Report

- (1) Excluding smart devices for consumer-class scenario.
- (2) XPU is a form of GPU.
- (3) Founded in 1993 and headquartered in the United States, company A is a fabless semiconductor company primarily engaged in the design and sale of GPUs. Company A is listed on Nasdaq.
- (4) Company B is a private company founded in 1987 and headquartered in China. It is a global provider of information and communications technology (ICT) infrastructure and smart devices.
- (5) Company C is founded in 2016 and headquartered in China. It is primarily engaged in the research and innovation of artificial intelligence chip products. It is listed on the Shanghai Stock Exchange.
- (6) Company D is a private company founded in 2021 and headquartered in China. It specializes in the research, development and commercialization of AI chips and related hardware solutions.
- (7) Company E is a provider of GPU chips and solutions headquartered in Shanghai and founded in 2020. It is a listed company on the Shanghai Stock Exchange.
- (8) Company F is a full-function GPU provider, headquartered in Beijing and founded in 2020. It is a listed company on the Shanghai Stock Exchange.
- (9) Company G focuses on the research and development of GPGPU chips and intelligent computing solutions, headquartered in Shanghai and founded in 2019. It is a listed company on the HKEX.
- (10) Company H is a provider of GPGPU products and AI computing solutions headquartered in Shanghai and founded in 2015. It is a listed company on the HKEX.
- (11) Company I is a provider of AI chips and computing solutions headquartered in Shanghai and founded in 2018. It is a private company.

In recent years, inference workloads have surged rapidly, becoming the main driving force behind AI applications. NPU, as a specialized and efficient technological solution, is better suited for inference tasks compared to GPU. We strategically positioned ourselves early in the NPU domain and have since established a strong market presence, ranking among the top three players in the industry. Players that entered the NPU domain early and have already secured leading positions in the market are likely to benefit more significantly from the accelerating penetration of NPUs, with greater potential for both market growth and share expansion.

INDUSTRY OVERVIEW

Ranking of NPU-Powered AI Inference Chip-Related Products and Services Providers from the Chinese market⁽¹⁾ by Revenue in 2025

Ranking	Company	Revenue from AI Inference Chip-Related Products and Services	Market Share
		(RMB billion)	(%)
1	Company B	~51.1	~82.2%
2	Company C	~5.5	~8.9%
3	Our Company	~0.7	~1.1%

Source: Annual Reports, CIC Report

(1) Excluding smart devices for consumer-class scenario.

China’s smart earphone module market remains highly concentrated, with the top five domestic manufacturers collectively holding 73.4% market share in 2025, while we lead the industry with a dominant 37.9% share by shipment volume, reflecting our strong position in this critical smart device category that enables voice interaction, real-time audio processing and seamless connectivity across devices.

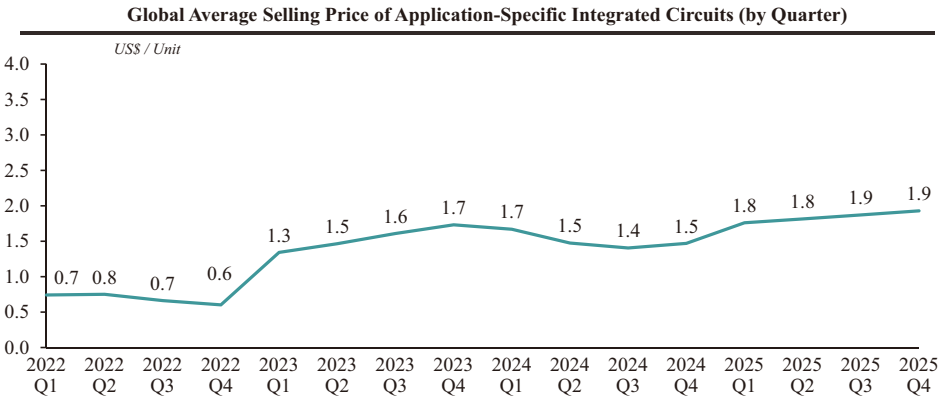
Key Success Factors in China’s Full-scenario AI Inference Chip-related Products and Services Industry

High technical threshold, long industry know-how accumulation cycle, talent advantage, customer advantage, fully localized supply chain, and full-stack solution and service capability are the key success factors of China’s full-scenario AI inference chip-related products and services industry.

PRICE TREND OF APPLICATION-SPECIFIC INTEGRATED CIRCUITS

The primary raw materials for consumer-class products consist of chips and printed circuit boards (PCBs), in addition to common electronic components such as microphones, capacitors, and resistors. The chart below illustrates the global historical price trend of Application-Specific Integrated Circuits (ASICs) from Q1 2022 to Q4 2025. The price of ASICs in the Chinese market is also projected to remain generally stable.

The PCBs utilized in consumer-class products are typically customized to fit specific product architectures, with their cost influenced by board size, layer count, and processing complexity. Companies that source PCBs domestically tend to benefit from notable cost advantages due to localized procurement and more agile supply chains. As a result, these companies generally observe a stable to mildly declining unit cost trend for PCBs, barring major fluctuations in raw material prices or production capacity. Structural components are typically sourced from domestic suppliers and priced based on weight and material grade. These parts are often standardized and mass-produced, making them less sensitive to global commodity price fluctuations and contributing to consistently stable cost trends across the industry.



Source: WSTS, CIC report

REGULATORY OVERVIEW

OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets out a summary of relevant laws and regulations that may have material impact on our business activities.

REGULATIONS ON FOREIGN INVESTMENT

The Company Law of the PRC (中華人民共和國公司法), promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the Company Law of the PRC.

Pursuant to the Foreign Investment Law of the PRC (中華人民共和國外商投資法), the Regulation for Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) and Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which became effective on January 1, 2020, and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), the State Council establishes a foreign investment information report system. Foreign investors or foreign-funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi-level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (鼓勵外商投資產業目錄(2022年版)) (the “Catalogue”), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (外商投資准入特別管理措施(負面清單)(2024年版)), amended on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (the “NDRC”) and the Ministry of Commerce of the PRC (the “MOFCOM”). According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATORY OVERVIEW

REGULATIONS ON PRODUCT QUALITY

In accordance with the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (中華人民共和國民法典) (the “Civil Code”), promulgated by the National People’s Congress of the PRC on May 28, 2020, and became effective on January 1, 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

According to the Administrative Regulations for Compulsory Product Certification (強制性產品認證管理規定), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the “GAQSIQ”) (which merged into the State Administration for Market Regulation) on July 3, 2009 and amended on September 29, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they have been certified (the “Compulsory Product Certification”) and labeled with China Compulsory Certification (中國強制認證) mark. For products that are subject to Compulsory Product Certification, the state implements unified product catalogs (the “3C Catalog”), unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards.

REGULATIONS ON CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

Regulations relating to Cybersecurity

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (中華人民共和國國家安全法), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) (the “Cybersecurity Law”) and become effective as of June 1, 2017, and was subsequently amended on October 28, 2025, with the amended version taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On December 28, 2021, the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室) (the “CAC”) and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (網絡安全審查辦法) (the “Cybersecurity Review Measures”) which became effective on February 15, 2022. The Cybersecurity Review Measures provides that,

REGULATORY OVERVIEW

among others, (i) critical information infrastructure operators that the purchase of cyber products and services that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

Regulations relating to Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (中華人民共和國數據安全法) (the “Data Security Law”) which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On September 24, 2024, the State Council announced the Regulations on the Administration of Cyber Data Security (網絡數據安全管理條例) (the “Cyber Data Security Regulations”), which became effective on January 1, 2025. It regulates that Cyber data processors who carry out Cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by Cyber data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service providers.

Regulations relating to Privacy Protection

Pursuant to the Civil Code, personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, the Ninth Amendment to the Criminal Law of the PRC (中華人民共和國刑法修正案(九)), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users’ information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

REGULATORY OVERVIEW

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (中華人民共和國個人信息保護法) (the “Personal Information Protection Law”) and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law and the Cyber Data Security Regulations, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals in a conspicuous manner and in clear and easy-to-understand language. Personal information processors should also take measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year’s turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

REGULATIONS RELATING TO ARTIFICIAL INTELLIGENCE SERVICES

On July 10, 2023, the CAC together with other relevant authorities, released the Provisional Administrative Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法) (“Generative AI Services Measures”), which came into effect on August 15, 2023 and mainly impose compliance requirements on providers of generative AI services. According to the Generative AI Services Measures, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Providers of generative AI services shall enter into service agreements with users registering for their generative AI services and shall adopt effective measures to prevent minor users from over-relying or addicting to generative AI services. In the event where illegal content or users engaging in illegal activities using generative AI services are discovered, the generative AI services providers are required to take appropriate measures, including stopping the generation of such illegal content and suspending or terminating the provision of services, undergo rectifications, keep relevant records and report to the competent authority. Any provider of generative AI services with public sentiment attributes or social mobilizing capability shall conduct security assessment and complete certain filings in accordance with relevant regulations. Providers of generative AI services may be subject to penalties for non-compliance, including warning, public denouncement, rectification orders and suspension of the provision of relevant services.

On March 7, 2025, the CAC together with other relevant authorities, promulgated the Measures for the Labeling of Artificial Intelligence Generated and Synthesized Content (人工智能生成合成內容標識辦法), which will take effect on September 1, 2025. These measures apply to service providers that

REGULATORY OVERVIEW

generate or distribute synthetic content using artificial intelligence technologies, including but not limited to text, images, audio, video, and virtual scenes. The measures require such providers to label AI-generated content with both visible and embedded identifiers to ensure the traceability of synthetic content, enhance public awareness, and prevent the dissemination of false or harmful information.

On September 7, 2023, Ministry of Science and Technology of the PRC (“MST”) together with other relevant departments, jointly promulgated the Measures for Ethical Review of Science and Technology (for Trial Implementation) (科技倫理審查辦法(試行)) (the “Ethical Review Measures”), which came into effect on December 1, 2023, according to which, any universities, scientific research institutions, medical and health institutions, and enterprises engaged in “ethically sensitive” science and technology activities in certain areas, including AI, must establish a science and technology ethical review committee. In addition, the obligor is required to complete certain registration requirements, such as to register (i) its ethical review committee within 30 days after establishment; and (ii) its science and technology activities that require additional expert review within 30 days after clearance of ethical review, in each case on the National Science and Technology Ethics Management Information Registration Platform established by MST. The registration should be updated in time when the relevant contents change.

On November 25, 2022, the CAC, MIIT and the Ministry of Public Security promulgated the Administrative Provisions on Deep Synthesis of Internet Information Service (互聯網信息服務深度合成管理規定), which took effect on January 10, 2023. The “deep synthesis technology” provided in such provisions refers to the technology to generate text, graphics, radio, video, virtual scenes, among others, with the use of deep learning and virtual reality. The measures emphasize that the deep synthesis services shall not be utilized for illegal activities prohibited by laws and regulations, and specifically, the related providers of such deep synthesis services shall (i) establish and improve control systems in regard to user registration, algorithm review, technological ethic review, information public review, data security, personal information protection, anti-telecom and online fraud, emergency disposal, etc. and hold safe and controlled technical protection measures; (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the deep synthesis of their respective information safety obligations.

REGULATIONS RELATING TO RADIO AND TELECOMMUNICATIONS EQUIPMENT

According to the Radio Regulation of the People’s Republic of China (中華人民共和國無線電管理條例) jointly promulgated by the State Council and the Central Military Commission of the People’s Republic of China on September 11, 1993 and amended on November 11, 2016, the State Radio Regulatory Commission is responsible for administration of non-military radio systems in China. Radio transmission equipment manufactured by enterprises must comply with the State Council’s regulations on radio administration and must be registered with the national radio authority or local radio regulatory authorities.

In addition, the MIIT promulgated the Administrative Measures for the Network Access of Telecommunications Equipment (電信設備進網管理辦法) on May 10, 2001, which was most recently amended by the MIIT on January 18, 2024, stipulating that the State shall implement a network access permit system for telecommunications terminal equipment, radio communications equipment, and equipment relating to network interconnections that are connected to public telecommunications networks. The telecommunications equipment subject to the network access permit system shall obtain the Telecommunications Equipment Network Access Permit (the “Network Access Permit”) issued by the MIIT. Without the Network Access Permit, no telecommunications equipment is allowed to be connected to the public telecommunications network for use or sold on the domestic market. To apply for a Network Access Permit, manufacturers must submit a test report or a certificate of compulsory product certification issued by a telecommunications equipment testing institute. In the event of an application for the Network Access Permit for radio transmission equipment, a Certificate of Approval of Radio Transmission Equipment Model issued by the MIIT shall also be submitted.

REGULATORY OVERVIEW

REGULATIONS ON GOVERNMENT PROCUREMENT

The Government Procurement Law of the PRC (中華人民共和國政府採購法) (the “Government Procurement Law”), which was last amended on August 31, 2014, provides that public invitation for bids shall be taken as the main method of government procurement. Government procurement refers to the procurement of goods, projects and services within the centralized procurement catalog formulated in accordance with the law by state organs at all levels, public institutions and social organizations with fiscal funds or above the prescribed procurement threshold. The method of bidding, which is employed in government procurements, shall be subject to the bidding law. Furthermore, the parties involved in government procurement shall not collude with each other to damage the interests of the State or the public. Pursuant to the Bidding Law of the PRC (2017Amendment) (中華人民共和國招標投標法(2017修正)) (the “Bidding Law”), which was promulgated on December 27, 2017 and effective on December 28, 2017, bidding shall be carried out for the following construction projects, including the survey, design, construction, supervision of the project, and the procurement of the important equipment, materials relevant to the construction of the project: (1) large projects of infrastructure facility or public utility that have a bearing on the social public interest and the safety of the general public; (2) projects entirely or partially using state-owned funds or loans by the state; (3) projects using loans of international organizations and foreign governments and aid funds. For a project concerned with national security, state secrets, emergency handling, disaster relief, or belonging to special occasions such as the use of poverty alleviation funds or the use of the labor of farmers and is not suitable for bidding, the method of bidding shall not be applied. As pertains to projects legally requiring bidding, no entity or individual evade bidding by any means including the dismembering of projects.

REGULATIONS ON LEASING

According to the PRC Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (商品房屋租賃管理辦法), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020) (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee’s possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee’s realization of the mortgage right.

REGULATORY OVERVIEW

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people’s health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment on Environment Impact Assessment.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the People’s Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, revised on June 10, 2021 and effective on September 1, 2021, production and business operation entities must formulate safety production objectives and measures, improve the working environment and conditions of workers in a planned and step-by-step manner, establish a safety production guarantee system and implement a safety production post responsibility system. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. In addition, the production and business operation entities shall report the major hazard sources and related safety measures and emergency measures to the emergency management department and other relevant departments for the record, and formulate a safety risk rating control system and take corresponding control measures.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a “first-to-file” principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder’s damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

REGULATORY OVERVIEW

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Pursuant to the Regulation on Computers Software Protection (計算機軟件保護條例) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on February 20, 2002 and latest amended on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the Patent Law of the PRC (中華人民共和國專利法), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and ten years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The Measures on Administration of Internet Domain Names (互聯網域名管理辦法) was promulgated by the MIIT in 2017, which adopts “first to file” rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (中華人民共和國勞動法), the PRC Labor Contract Law (中華人民共和國勞動合同法) (the “Labor Contract Law”) and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers

REGULATORY OVERVIEW

must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as “dispatched workers”. Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (中華人民共和國社會保險法) (the “Social Insurance Law”) issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

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.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees’ housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people’s court will be applied.

REGULATORY OVERVIEW

In case of failure to register and open accounts for depositing employees’ housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “SAFE Circular 19”) on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the “SAFE Circular 16”), which was amended on December 4, 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which was amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), or SAFE Circular 8, issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial changes accordingly, and we cannot assure that we will be able to comply with the latest requirements in a timely manner.

REGULATORY OVERVIEW

Regulations relating to Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the “SAFE Circular 7”), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

REGULATIONS ON TAX

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), which was promulgated by the State Council and was latest amended in December 2024, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax. On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (中華人民共和國增值稅法), which will become effective on January 1, 2026, upon which VAT Regulations shall be repealed.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

REGULATORY OVERVIEW

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the Company Law of the PRC, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) which was promulgated by the National People’s Congress on April 9, 1991 and most recently amended on September 1, 2023 and became effective on January 1, 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Pursuant to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法), which was most recently amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法實施條例), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Enterprise Income Tax Law of PRC and the Regulation on the Implementation of the Enterprise Income Tax Law of PRC, since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors’ jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the PRC (中華人民共和國證券法), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties

REGULATORY OVERVIEW

and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “Overseas Listing Trial Measures”) together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “Overseas Listing Regulations”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “Provision on Confidentiality”). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies

REGULATORY OVERVIEW

and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

U.S. EXPORT CONTROL LAWS AND REGULATIONS

Export Administration Regulations

The U.S. government imposes export controls for national security, foreign policy interest, and other various policy reasons. One of the primary U.S. export control regimes is governed by the EAR, which are administered and enforced by the BIS. BIS is responsible for regulating the export, reexport, or transfer (in-country) of a diverse range of goods, software, and technology (collectively, the “items”) including most commercial items, “dual-use” items (i.e., those items having both commercial and military or proliferation applications), and less-sensitive military items.

BIS regulates the export, reexport, and in-country transfer of items that are “subject to the EAR,” a term of art that includes: (i) all U.S.-origin items wherever they are located in the world; (ii) any item physically in, or moving in transit through, the United States or U.S. Foreign Trade Zone (including items of foreign origin); (iii) any foreign-made item containing more than a *de minimis* amount of certain controlled U.S.-origin content; and (iv) certain foreign-made items that are the “direct products” of certain controlled U.S.-origin software or technology (or are the direct product of a plant or major plant component that is itself the direct product of such controlled U.S.-origin software or technology). Generally, foreign-made items that incorporate controlled U.S.-origin content accounting for 25% or less of the value of such items are not subject to the EAR when exported, reexported, or transferred (in-country) to any country except for Cuba, Iran, North Korea, or Syria (for which the *de minimis* threshold is 10%), unless the controlled content is of a certain type for which there is no *de minimis* threshold. For purposes of the *de minimis* analysis, a “controlled” item is any item that would require a destination-based export license from BIS to be exported to, reexported to, or transferred (in-country) within the country at issue.

Items that are subject to the EAR may require a license from BIS prior to the export, reexport, or transfer (in-country) of the item. Whether an export license is required depends on the Export Control Classification Number (“ECCN”) of the item at issue, the destination to which the item is being exported, reexported, or transferred, and the intended end use or end user of the item.

In particular, BIS maintains several restricted party lists of companies, organizations, and individuals that may be subject to additional license requirements, regardless of the classification of the item. For example, parties on the “Entity List,” Supplement No. 4 to 15 C.F.R. § 744, are generally prohibited from receiving some or all items subject to the EAR, absent an export license from BIS. License requirements for persons on the Entity List may be limited to only specific ECCNs of concern, or generally apply to all items subject to the EAR.

A party that exports, reexports, or transfers an item that is subject to the EAR is strictly liable for violations related to such activity. The EAR also provides a basis for liability for other parties to a given transaction (i.e., in addition to the exporter). Specifically, parties are prohibited from (i) causing, aiding, or abetting a violation of the EAR; (ii) soliciting or attempting a violation of the EAR; (iii) conspiring to bring about or engage in a violation of the EAR; (iv) misrepresenting or concealing facts to the U.S. government in connection with activities subject to the EAR; (v) acting with the intent to evade the EAR; (vi) failing to comply with recordkeeping requirements of the EAR; and (vii) acting with “knowledge” that a violation of the EAR has occurred or is about to occur. The EAR defines “knowledge” as including “positive knowledge that the circumstance exists or is substantially certain to occur,” as well as “an awareness of a high probability of its existence or future occurrence,” which is “inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person’s willful avoidance of facts.”

REGULATORY OVERVIEW

Effective June 5, 2020, the BIS added “Intellifusion” with aliases “Shenzhen Yuntian Lifei Technology Co., Ltd.” and “Yuntian Lifei”, which are translations of its official Chinese name, to the Entity List, and the listed entity (the “Listed Entity”) was subsequently designated as a Footnote 4 entity (the “FN4”) on October 7, 2022, pursuant to Supplement No. 4 to Part 744 of the EAR. None of the subsidiaries, partially owned subsidiaries, or sister companies were separately designated (the “non-listed entities”).

The Entity List restrictions do not apply to non-listed entities that are legally distinct from the Listed Entities. Pursuant to Q.23 of the Entity List FAQs (First published 21 October 2016, latest updated 10 November 2025), the BIS has explicitly advised that “the licensing and other obligations imposed on an entity by virtue of being listed on the Entity List do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List.” However, such a Non-listed Entity (or any other person) may not “act as an agent, a front, or a shell company for a Listed Entity in order to facilitate transactions that would not otherwise be permissible with the Listed Entity.”

The addition of the Listed Entity to the Entity List restricts its ability to purchase, acquire, or otherwise access any items subject to the EAR without a license from BIS. Specifically, absent a license from BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when the Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. License applications to the Listed Entity will be reviewed with a presumption of denial or a case-by-case policy.

The Entity List Footnote 4 Foreign Direct Product (the “FDP”) Rule imposes stringent restrictions on transactions involving FN4 designated entities which extends the scope of U.S. export controls to certain foreign-produced items that are the direct product of specified U.S.-origin technology or software. Any reexport, export, or in-country transfer of certain items to FN4 entities requires a BIS license, with a presumption of denial for most applications. Transactions with the Listed Entity may trigger FN4 FDP if: (i) the foreign-produced item is a “direct product” of “technology” or “software” subject to the EAR and specified in certain ECCNs; or (ii) the foreign-produced item is produced by any complete plant or “major component” of a plant that is located outside the United States, when the complete plant or “major component” of a plant, whether made in the U.S. or a foreign country, itself is a “direct product” of U.S.-origin “technology” or “software” that is specified in certain ECCNs.

The Entity List restrictions applicable to the Listed Entity apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Listed Entity post-designation to the Entity List. That means, the restrictions imposed on a newly listed entity only apply to transactions and activities occurring after the official effective date of its addition to the list. For example, if the Listed Entity obtained an item subject to the EAR prior to June 5, 2020, the Listed Entity would not be prohibited from continuing to access and use such item post-Entity List designation. However, the Listed Entity would be prohibited from obtaining additional quantities of, or updated versions of, such item as of June 5, 2020. On September 29, 2025, BIS published a new regulatory amendment, commonly referred to as the Affiliate Rule, which expands the scope of EAR controls to apply to foreign entities that are 50% or more owned, individually or in aggregate, by one or more listed parties. This rule introduces a broader attribution standard for export control purposes, regardless of whether the subsidiary or affiliate is separately named. However, the Affiliate Rule is prospective in nature, does not apply retroactively to conduct or structures established before its effective date, and is currently subject to a one-year enforcement moratorium, since November 10, 2025. BIS has indicated that it will not initiate enforcement actions based solely on this new ownership based criterion during the moratorium period.

OFAC NS-CMIC sanctions framework

The OFAC Non-SDN Chinese Military-Industrial Complex List (the “NS-CMIC List”) is a targeted sanctions framework administered by the U.S. Treasury’s Office of Foreign Assets Control (the “OFAC”). It specifically focuses on Chinese companies deemed to be part of or supporting China’s

REGULATORY OVERVIEW

military-industrial complex. Unlike the broader Specially Designated Nationals List (the “SDN List”), which imposes full blocking sanctions, the NS-CMIC List applies more selective restrictions. Entities on the NS-CMIC List are not subject to full asset freezes or comprehensive transaction bans (unlike those on the SDN List). The primary prohibition for U.S. persons is on purchasing or selling publicly traded securities (or derivatives thereof) of listed companies. This aims to curb U.S. investment in these firms. The sanctions only apply to entities explicitly named on the NS-CMIC List. The OFAC “50% rule” (which automatically sanctions entities owned 50% or more by a sanctioned party) does not automatically apply to subsidiaries of NS-CMIC listed companies.

REGULATIONS ON TARIFFS

The U.S. tariff import regulation system is governed by a comprehensive legal framework. All goods imported into the U.S. are classified for tariff purposes under the Harmonized Tariff Schedule of the United States (the “HTSUS”). The HTSUS is maintained by the United States International Trade Commission (the “USITC”) and is regularly updated to reflect changes in international trade and tariff policy. Every product imported into the U.S. must be classified under a specific HTSUS heading and subheading.

The U.S. primarily applies ad valorem (based on the value of the goods) systems to determine tariff rates to be applied on imported goods. The value of imported goods is determined according to the customs valuation rules, which primarily use the transaction value (the price actually paid or payable for the goods) as the basis for duty assessment.

The U.S. government has implemented a series of executive actions in 2025 that significantly escalated trade restrictions on Chinese-origin goods. On February 1, 2025, a broad 10% tariff was imposed on all imports from China, effective on February 4, 2025, pursuant to an Executive Order titled “Imposing Duties to Address the Synthetic Opioid Supply Chain in the People’s Republic of China”. On March 3, 2025, the so-called fentanyl-related tariff was further raised to 20%. This was followed by Executive Order 14257 on April 2, 2025, which introduced minimum tariff rates of 10% applicable to imports from all countries and established a country-specific tariff regime of additional tariffs targeting nations with substantial trade imbalances, including China. Within days, the country-specific tariffs on many Chinese products, were increased to 84% and then to 125% which, in combination with the 20% so-called fentanyl tariffs, brought the tariff rate on most imports from China to 145%. On May 12, 2025, the United States and China announced a 90-day tariff rollback agreement following bilateral negotiations in Geneva, which rolled back the country-specific tariff to a baseline of 10% for 90 days. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025.

REGULATIONS ON OUTBOUND INVESTMENTS

On August 9, 2023, the U.S. government issued Executive Order 14105 of August 9, 2023 and the U.S. Department of the Treasury (the “Treasury”) published an advanced notice of proposed rule-making (the “ANPRM”) providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. On June 21, 2024, Treasury issued a proposed rule for the Outbound Investment Program. On October 28, 2024, Treasury issued a Final Rule setting forth the Outbound Investment Program regulations that implement the Executive Order 14105 of August 9, 2023.

The Final Rule took effect on January 2, 2025. The Final Rule targets investments by U.S. Investors that involve persons and entities associated with “countries of concern,” currently China, including the SARs of Hong Kong and Macau. The Outbound Investment Program imposes investment prohibitions and notification requirements on U.S. Investors participating in a range of transactions relating to three technology sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems.

REGULATORY OVERVIEW

Under the Outbound Investment Program, these investment prohibitions and notification requirements apply to certain transactions involving “Covered Foreign Persons,” which include, but are not limited to, (i) companies that are engaged in one of these three technology sectors and that are headquartered, incorporated in, or have their principal place of business in a “country of concern,” (ii) companies that are engaged in one of these three technology sectors and that are directly or indirectly owned by the government of a “country of concern” or by certain individuals or entities associated with a “country of concern,” and (iii) companies with significant financial ties to companies described in (i) or (ii). Under the Outbound Investment Program, transactions by U.S. Investors that are subject to the Outbound Investment Program are referred to as “covered transactions,” such as transactions involving “Covered Foreign Persons,” including certain acquisitions of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund. The Outbound Investment Program requires U.S. Investors that are the parents of non-U.S. entities to “take all reasonable steps to prohibit and prevent any transaction by” their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. Investor. The Outbound Investment Program’s notification requirements also apply to U.S. person-entities that are the parents of non-U.S. entities that enter into transactions that would be notifiable transactions if entered into by a U.S. Investor.

The Outbound Investment Program prohibits U.S. Investors from knowingly directing a non-U.S. investor to enter into a transaction that would be prohibited if entered into by a U.S. investor. The Outbound Investment Program provides for certain excepted transactions, which, if applicable, are not subject to the prohibited transaction or notification requirements under the Final Rule. In particular, for the purpose of the Company’s listing, key excepted transactions include purchases of publicly traded securities (such as the trading of our Shares on the Exchange after the completion of the [REDACTED]).

Failing to comply with the Outbound Investment Program notification requirements or failing to provide accurate and complete information in the filing under the Outbound Investment Program may subject the relevant U.S. Investors to civil penalties including fines of up to the greater of two times the transaction value or US\$377,700 (as such amount may be adjusted for inflation), and—for willful violations—criminal penalties of fines of up to US\$1 million and imprisonment of up to 20 years.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

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

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

KEY DEVELOPMENT MILESTONES

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

Year	Milestone
2015	- We launched our self-developed first-generation NPU, <i>Nova 100</i>. - We started AI scalable application in the industry-class scenario.
2018	Our <i>DeepEye 1000</i> successfully taped out based on the second-generation NPU <i>Nova</i>, and achieved mass production and commercialization.
2021	We licensed our self-developed third-generation NPU IP to enterprise-class customers.
2022	Our <i>DeepEdge 10</i>, suitable for Transformer-based Models, successfully taped out based on the fourth generation NPU <i>Nova</i>.
2023	- We began our listing on the Shanghai Stock Exchange. - We developed our large-scale intelligent computing centers, providing services to our enterprise-class customers.
2024	- We acquired D-infuture Tech and entered the consumer-class application scenario. - We released <i>Dr. LookAi</i> consumer brand and launched our first AI-native product.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

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

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

SHARE INCENTIVE SCHEMES

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

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Establishment and Early Development

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

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

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

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

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

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

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of D-infuture Tech

Subject Matter and Consideration

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

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

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

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

Performance Guarantee and Price Adjustment Mechanism

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

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

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

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

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

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

Completion

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

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

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

Rationale for the acquisition of D-infuture Tech

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

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

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

Financial Information of D-infuture Tech

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

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

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

Since April 4, 2023, our Company has been listed on the Shanghai Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations in any material respects since its A- Share listing on the Shanghai Stock Exchange and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor’s view, nothing has come to the Joint [REDACTED] attention that would reasonably cause them to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respect.

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT

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

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

[REDACTED]

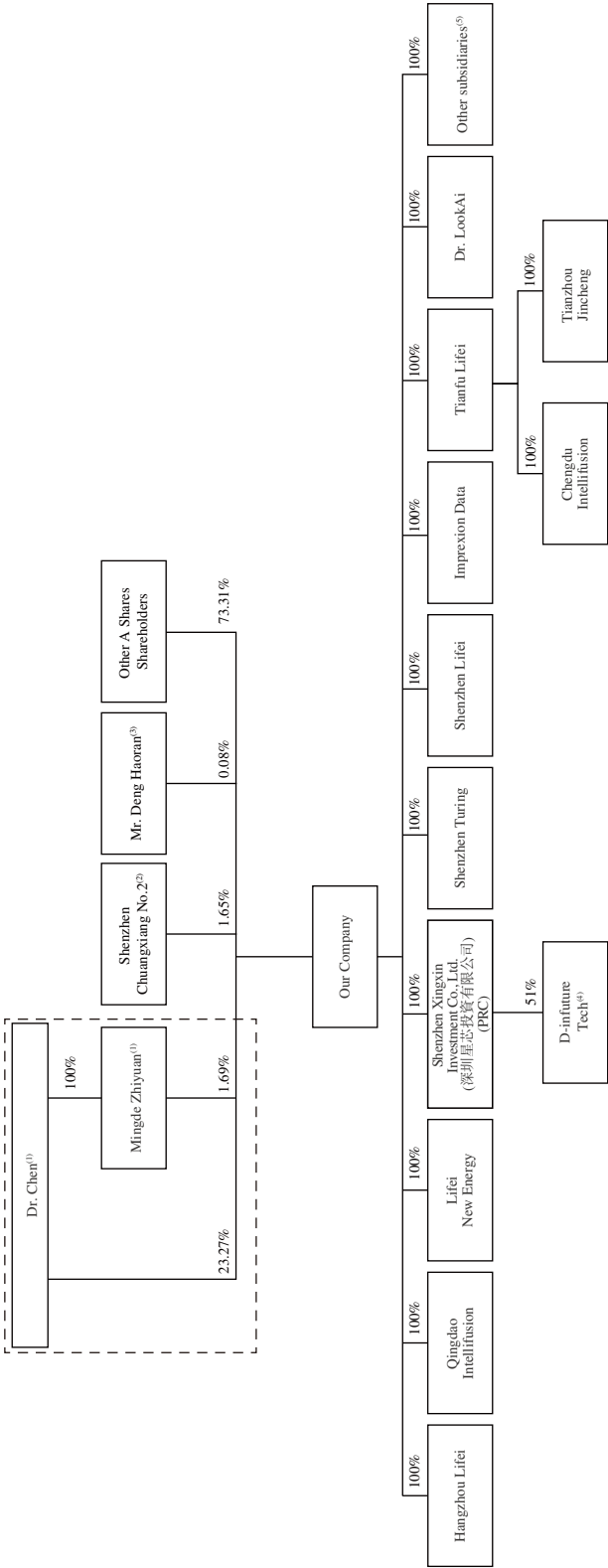
Rule [REDACTED] of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether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

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

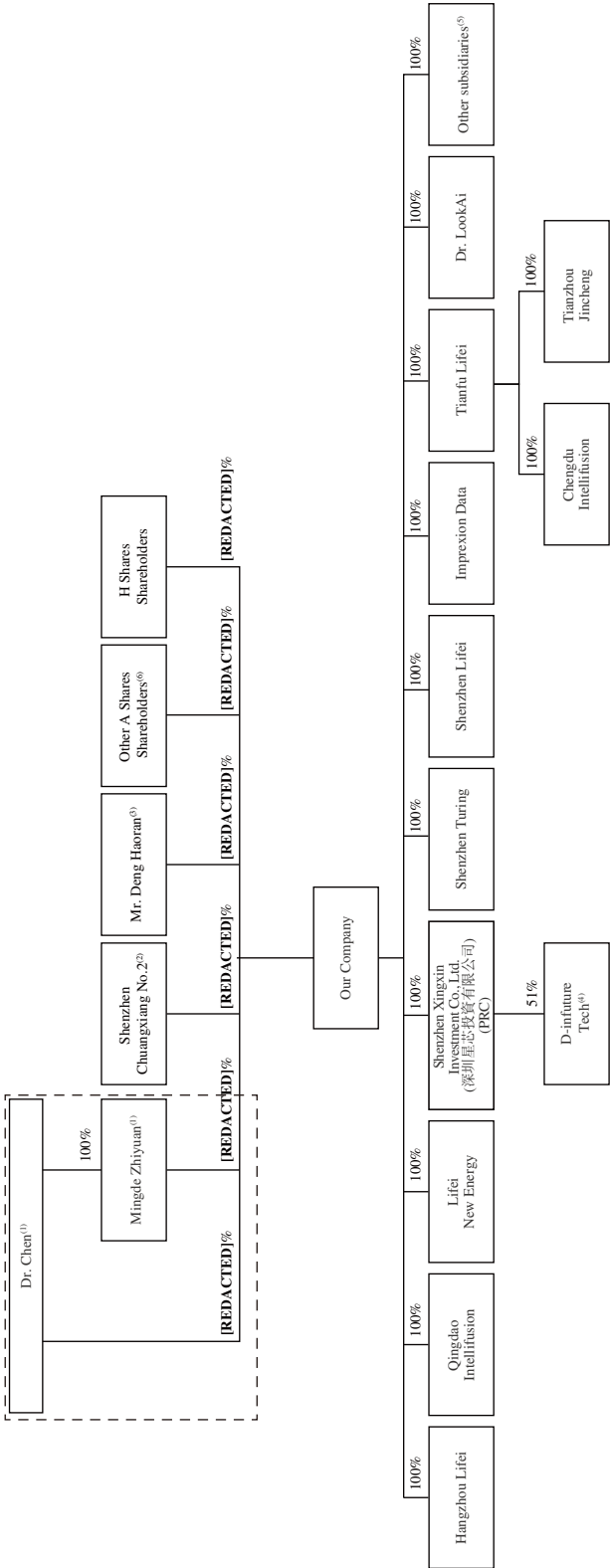
Shareholding and Corporate Structure Immediately prior to the [REDACTED]



- (1) As of the Latest Practicable Date, Mingde Zhiyuan was wholly owned by Dr. Chen.
- (2) As of the Latest Practicable Date, the general partner of Shenzhen Chuangxiang No.2 was Mr. Li Jianwen. For details of the background of Mr. Li Jianwen, see “Directors and Senior Management”.
- (3) Mr. Deng Haoran, our executive Director. For details of the background of Mr. Deng Haoran, see “Directors and Senior Management”.
- (4) As of the Latest Practicable Date, D-infutue Tech was 49% owned by Ms. Wang Qian. For details of the background of D-infutue Tech, see “—Major Acquisitions and Disposals” in this section.
- (5) Other subsidiaries include 28 subsidiaries established in the PRC, 3 subsidiaries in Hong Kong and 2 subsidiaries in BVI. For further details of the subsidiaries of our Company, see Note I to Part II to “Accountants’ Report” in Appendix I to this document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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



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

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

BUSINESS

OUR MISSION

AI, everywhere and beyond (讓AI無處不在).

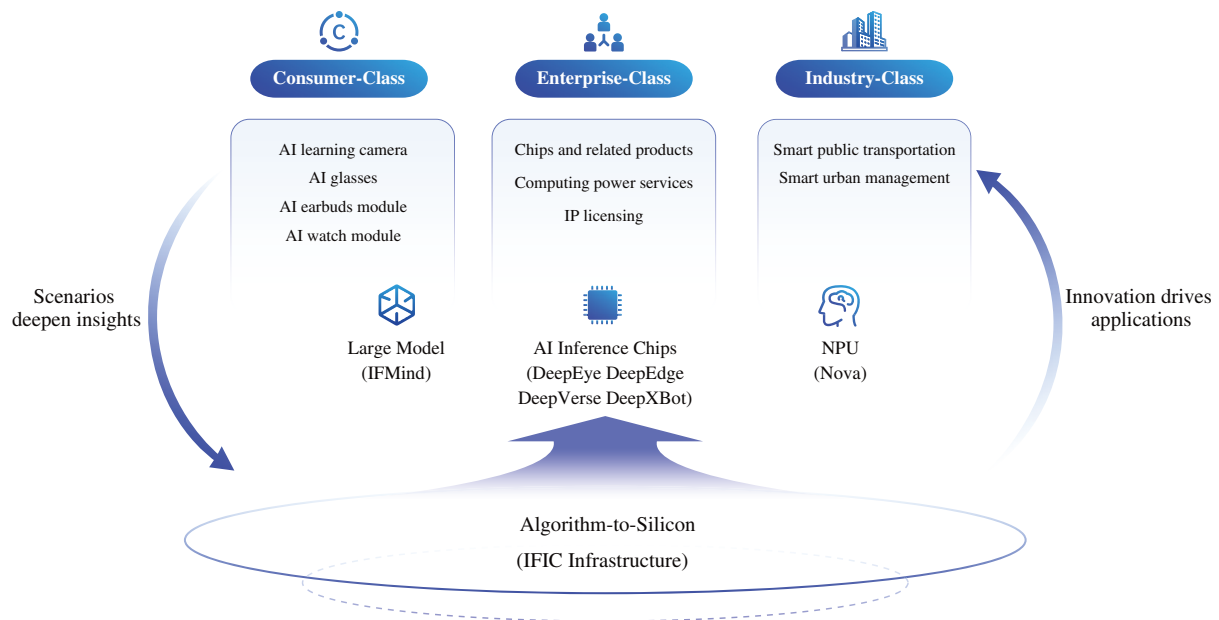
OUR VISION

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.

BUSINESS

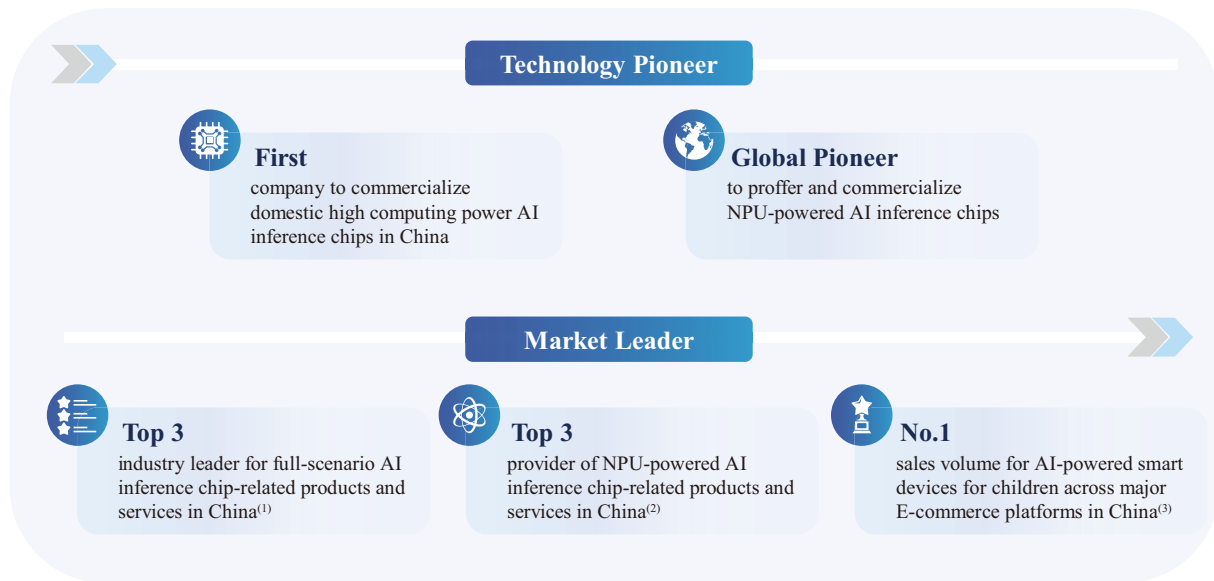
Our *IFIC* infrastructure streamlines the AI inference chip development process from algorithm analysis and instruction set design to chip architecture and toolchain development, leveraging its algorithm-to-silicon capability. Based on our *IFIC* infrastructure, we developed our NPU product *Nova*, a 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 *Hy³CAN* 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, *Hy³CAN* 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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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 <i>Dr. LookAi Learning Camera</i>, AI glasses, AI Home Hub, and <i>Dr. LookAi Companion Dog</i> - 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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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

BUSINESS

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

BUSINESS

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 *Hy³CAN* 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.

BUSINESS

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

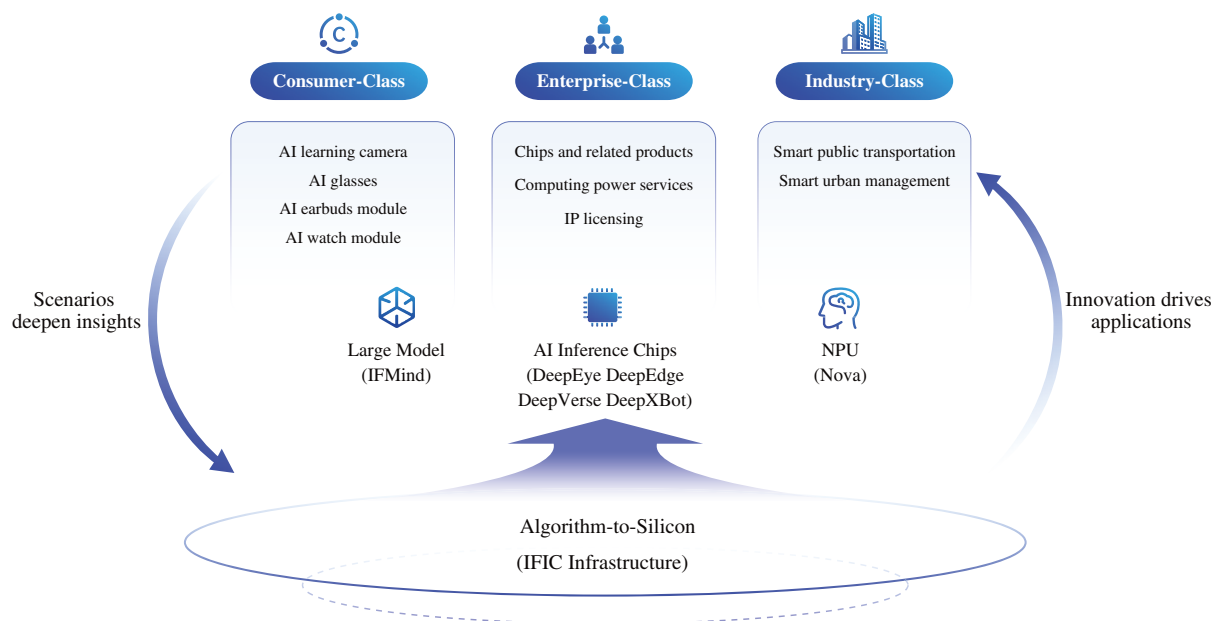
Alongside the acquisition of D-infuture Tech in April 2024, we entered into the intelligent wearables market for AI-powered consumer electronics. Our strategic investments in leading companies in AI glasses, smart parking, holographic intersections, smart construction sites, and service robots have further 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.

BUSINESS

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*,

BUSINESS

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.

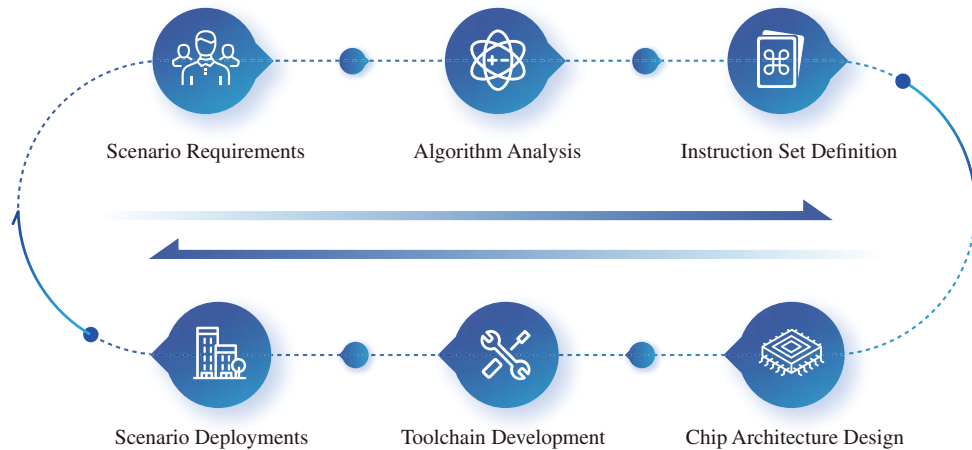
We believe that NPU is at the core of the future of AI inference. According to the CIC Report, NPU revolutionizes AI inference through specialized architectures that natively accelerate tensor operations, low-precision mathematics, and parallel processing, delivering breakthroughs in latency, power efficiency, 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.

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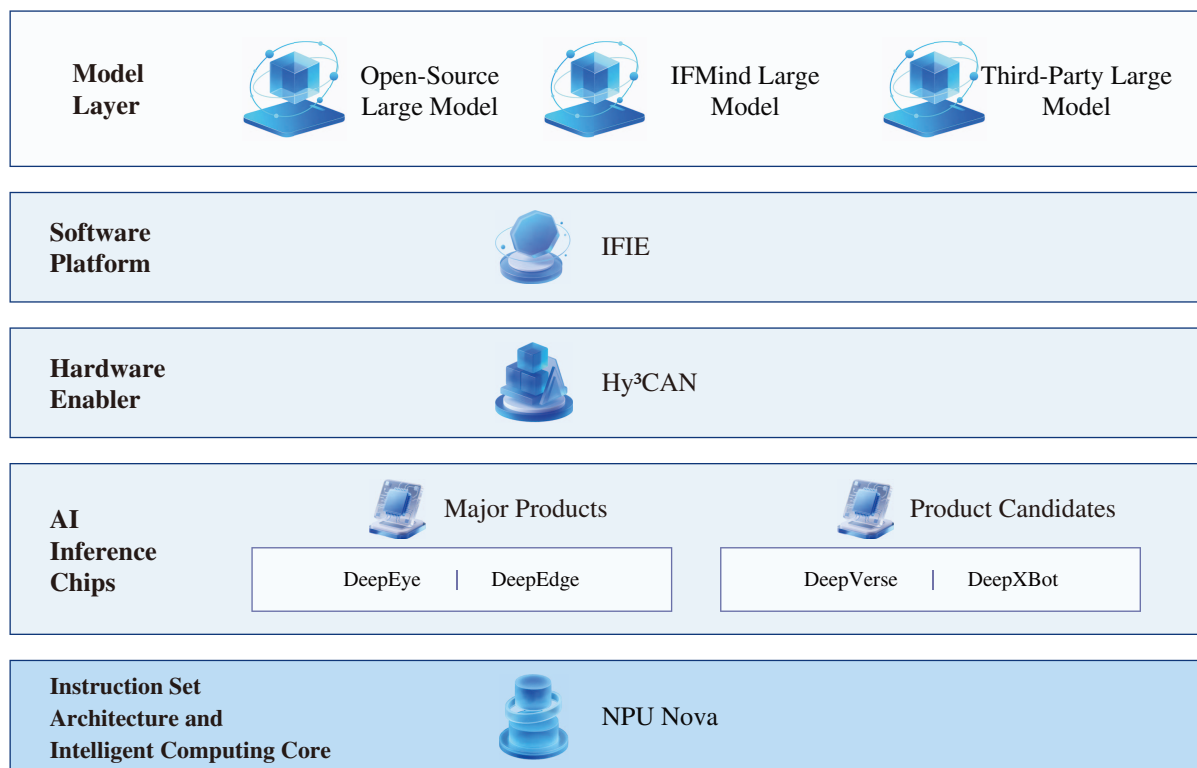
The following sets forth the key features of our *IFIC* infrastructure.

- *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 *Hy³CAN* 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 *Hy³CAN* 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 *Hy³CAN* and *IFIE*, our *IFMind* large model is capable of visual, textual and linguistic analysis.

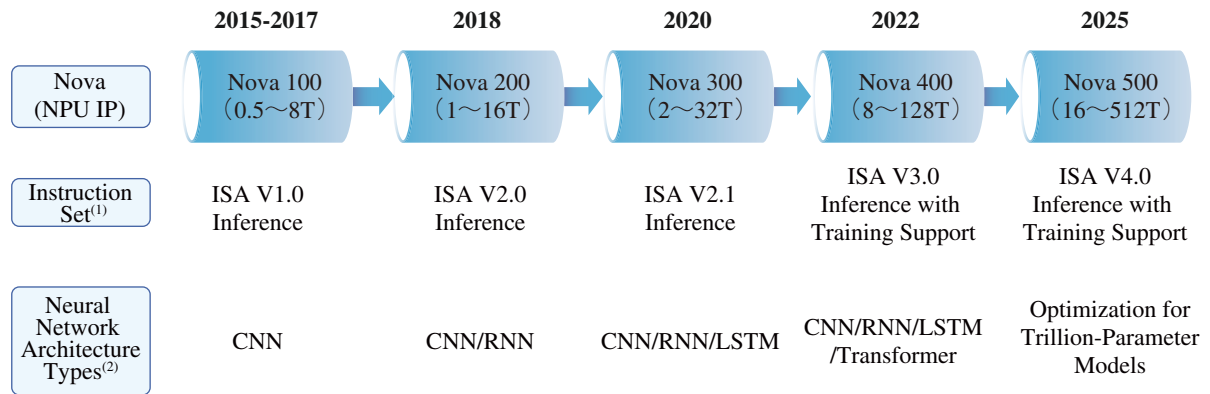
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Our NPU product—*Nova* (天星)

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.

BUSINESS



- (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*.

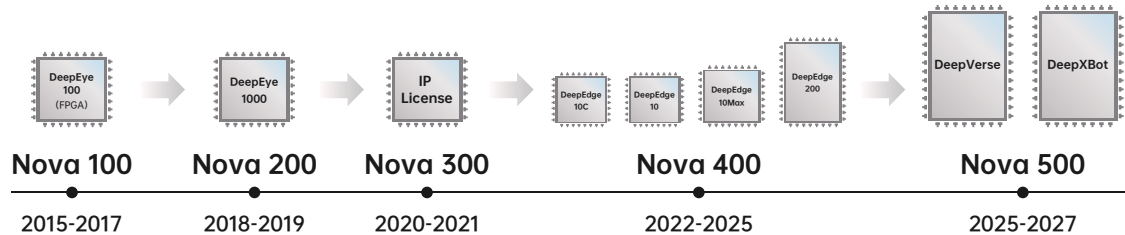
- *More suitable for AI inference application.* NPUs are purpose-built for AI inference, featuring native support for tensor operations, low-precision quantization, and large-scale parallel processing. This architecture-specialized chips achieve unprecedented improvements, enabling real-time inference, 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.

BUSINESS

- *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.

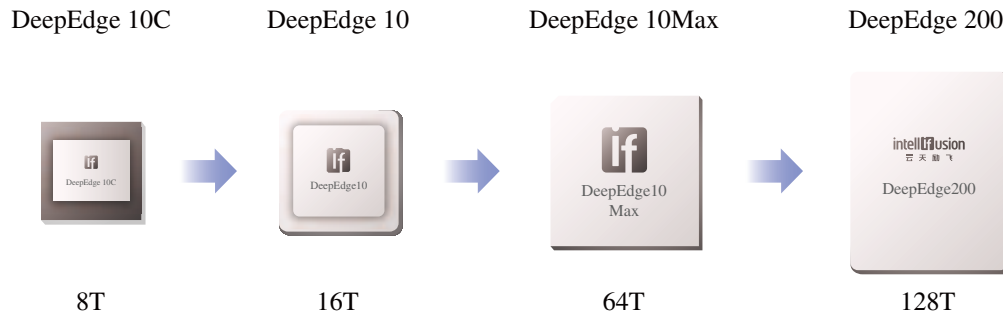
DeepEdge (深界)

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

BUSINESS

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—*Hy³CAN*

Hy³CAN 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

BUSINESS

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.

BUSINESS

- *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.

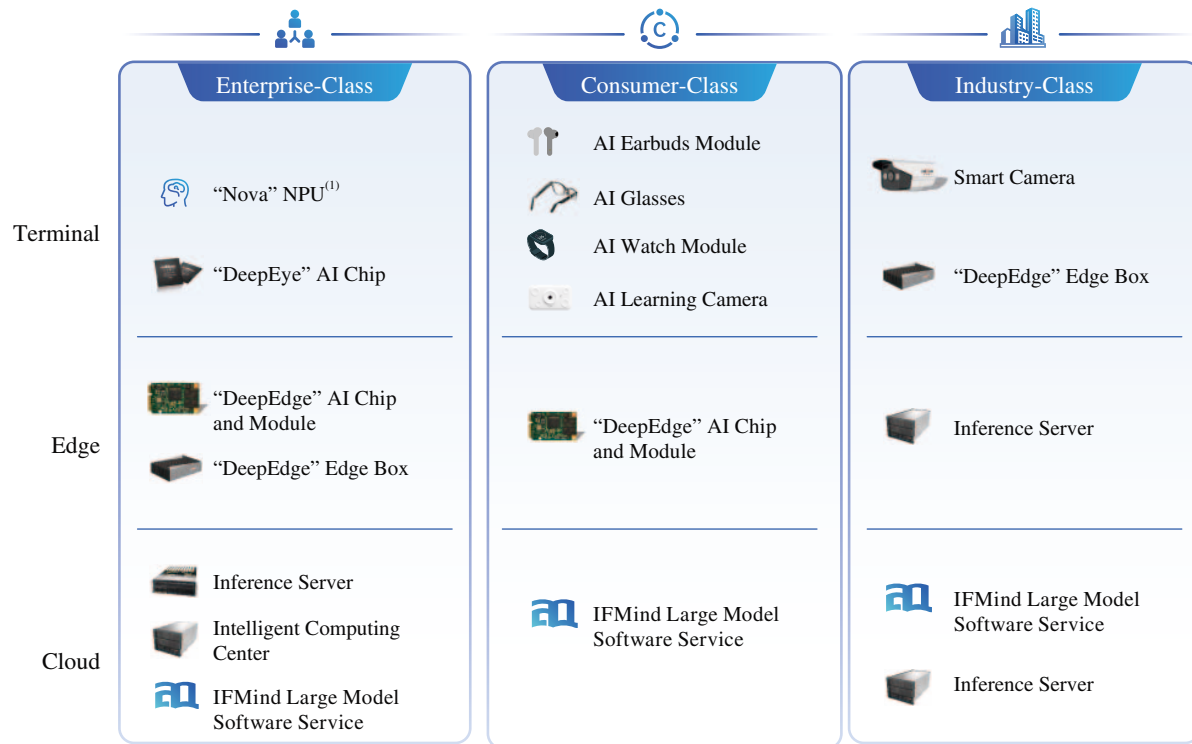
Leveraging our AI inference capabilities, we applied our AI inference-related products and services over terminal, edge and cloud deployment. For instance, in a urban bus public transportation scenario, our industry-class solution eliminates the need to fully upload onboard video footage to remote platforms, 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.

BUSINESS

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.

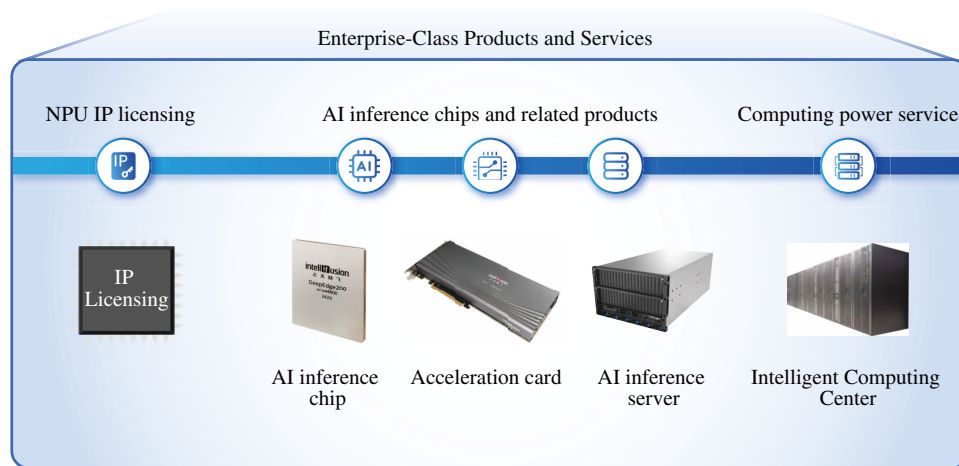
	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
(RMB in thousands except for percentages)						
Enterprise-class scenario	31,110	6.2	248,596	27.1	536,081	40.0
Consumer-class scenario	—	—	405,672	44.2	623,898	46.6
Industry-class scenario	469,092	92.7	253,753	27.7	174,248	13.0
Others	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,

BUSINESS

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%

BUSINESS

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.

Sales of AI inference chips and related products	Year ended December 31,		
	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.

BUSINESS

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.

Computing power services	Year ended December 31,		
	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

BUSINESS

- (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.

IP licensing services	Year ended December 31,		
	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

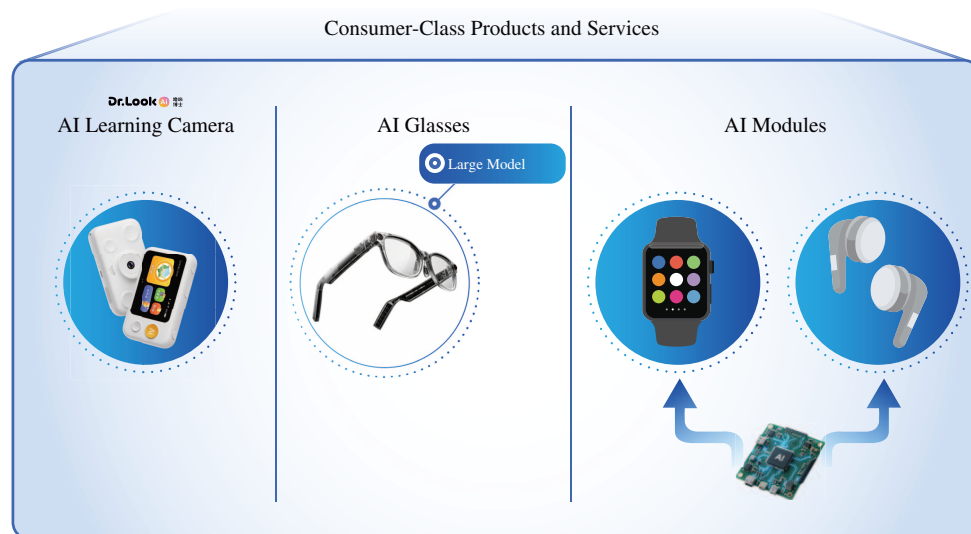
Our customer is a leading smart parking service provider focusing on urban roadside parking services. This customer aimed to alleviate the growing challenge of “parking difficulty” in cities, leveraging AI applications to enhance roadside parking devices by using camera systems equipped with AI algorithms 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.

BUSINESS

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*.

BUSINESS

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

<i>Dr. LookAi Learning Camera</i>	Year ended December 31,		
	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.

BUSINESS

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.

AI-empowered products	Year ended December 31,		
	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.

BUSINESS

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.

Tailored integrated products and services	Year ended December 31,		
	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

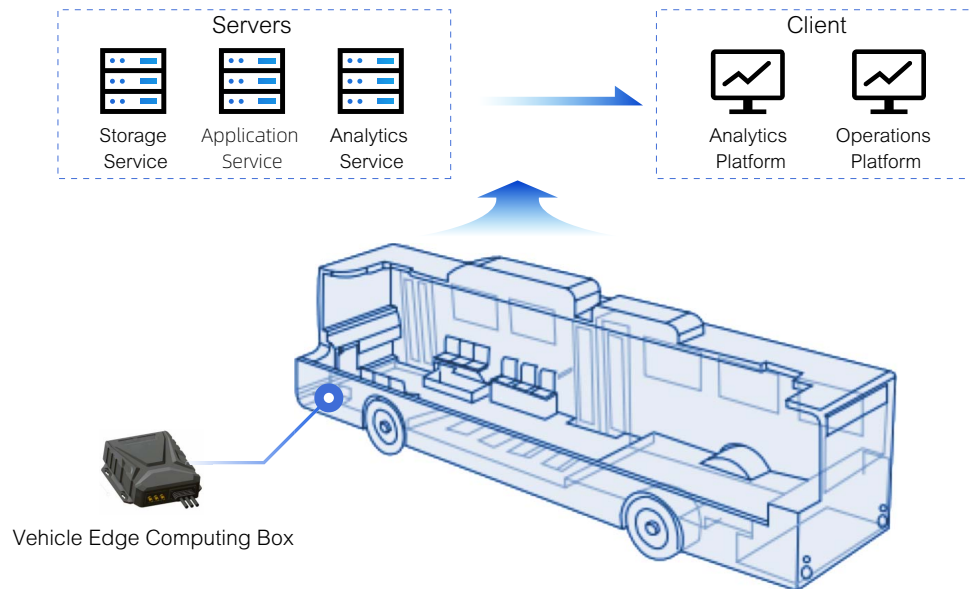
BUSINESS

- (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.

BUSINESS

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.

BUSINESS

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

BUSINESS

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 modeled 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, *Hy³CAN*, as our fundamental hardware enablement platform to connect AI inference chips to software platform, unleashing the computing power potential. *Hy³CAN* 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.

BUSINESS

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.

BUSINESS

- *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.

BUSINESS

- *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

BUSINESS

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*.

BUSINESS

- *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.

BUSINESS

Customer	Transaction amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
<i>For the year ended December 31, 2023</i>						
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				

BUSINESS

Customer	Transaction amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
<i>For the year ended December 31, 2024</i>						
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”).

BUSINESS

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

Customer	Transaction amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship	Major products or services purchased	Payment method and credit terms	Background
<i>For the year ended December 31, 2025</i>						
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.

BUSINESS

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.

BUSINESS

Supplier	Transaction amount (RMB in thousands)	Percentage of total purchases (%)	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
<i>For the year ended December 31, 2023</i>						
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				

BUSINESS

Supplier	Transaction amount (RMB in thousands)	Percentage of total purchases (%)	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
<i>For the year ended December 31, 2024</i>						
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				

BUSINESS

Supplier	Transaction amount (RMB in thousands)	Percentage of total purchases (%)	Year of commencement of business relationship	Major products or services procured	Payment method and credit terms	Background
<i>For the year ended December 31, 2025</i>						
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				

BUSINESS

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

BUSINESS

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

BUSINESS

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 AI 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 AI services in all material aspects and there is no material discrepancy between applicable requirements under such regulations and our current practices.

BUSINESS

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

BUSINESS

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.

Function	As of the Latest Practicable Date	
	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

BUSINESS

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

BUSINESS

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 (國家稅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.

BUSINESS

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.

BUSINESS

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 Adviser as to international sanctions laws is of the view that, our structure and activities during the Track Record Period were consistent with the then

BUSINESS

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

BUSINESS

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.

BUSINESS

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.

BUSINESS

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 procure 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

BUSINESS

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

BUSINESS

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

BUSINESS

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	tCO ₂ e	1,778.262	1,833.729	2,067.699
	Total Greenhouse Gas Emissions per Unit of Revenue	tCO ₂ e/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

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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

BUSINESS

(3) administrative expenses, along with our business 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)

BUSINESS

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

BUSINESS

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

BUSINESS

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.

BUSINESS

- *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.

BUSINESS

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 shortened, 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.

BUSINESS

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.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Dr. Chen controlled approximately 24.96% of the voting rights of our Company, comprising (i) approximately 23.27% beneficially owned by himself directly, and (ii) approximately 1.69% beneficially owned by Mingde Zhiyuan, which is wholly owned by Dr. Chen. Upon the [REDACTED], Dr. Chen will control [REDACTED]% of the voting rights of our Company, comprising (i) approximately [REDACTED]% beneficially owned by himself directly, and (ii) approximately [REDACTED]% beneficially owned by Mingde Zhiyuan. Therefore, Dr. Chen, together with Mingde Zhiyuan, were the single largest group of Shareholders of the Company as of the Latest Practicable Date and will be our Single Largest Group of Shareholders upon the [REDACTED].

COMPETITION

Our Single Largest Group of Shareholders confirm that as of the Latest Practicable Date, he/it or any of his/its close associates did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and their respective close associates after the [REDACTED], taking into account the following factors:

Management independence

Our business is primarily managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. For more information, see “Directors and Senior Management.”

Our Directors believe that our Board and senior management are able to manage our business and function independently from our single largest group of Shareholders based on the following reasons:

- (i) each of our Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (ii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see the section headed “Directors and Senior Management” in this document;
- (iii) we have appointed three independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;
- (iv) between our management team and the Board, and our management team reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company’s management team generally through receiving reports from our executive Directors, attending meetings and other ad hoc

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors regarding our operational and financial information;

- (v) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shanghai Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting; and
- (vi) our Company has established internal control mechanisms to manage conflict of interests, including, among others, the policies and procedures to identify connected transactions and material interests of our Directors, senior management and Shareholders to ensure that our Shareholders, Directors or senior management with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. See “—Corporate Governance Measures.”

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational independence

Our Group is operationally independent of our Single Largest Group of Shareholders. We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. Our Group holds or enjoys the benefits of material relevant licenses and intellectual properties necessary to carry on our business. We have our own facilities, equipment and employees to operate our business independent from our Single Largest Group of Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our single largest group of Shareholders and their respective close associates.

Financial independence

We have a financial department which is independent of our Single Largest Group of Shareholders and such financial department is responsible for the Group’s finance, accounting, reporting, credit and internal control. We can make financial decisions independently without interference from our Single Largest Group of Shareholders and their associates. We maintain bank accounts with banks independently and do not share any bank accounts with our Single Largest Group of Shareholders and their associates. We also have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We believe that we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their associates.

The minority shareholder of D-infuture Tech, has provided guarantees in support of certain bank loans obtained by D-infuture Tech, which were taken out for financing the development and operations of D-infuture Tech (the “D-infuture Tech Guarantees”). We expect the D-infuture Tech Guarantees to continue following the [REDACTED] until the repayment of the underlying bank loans that are subject to the D-infuture Tech Guarantees. As of December 31, 2025, the outstanding guaranteed loans with the D-infuture Tech Guarantees amounted to RMB33.1 million. Notwithstanding the D-infuture Tech Guarantees, we have sufficient liquid assets available to meet our Group’s financial needs. As of December 31, 2025, our total indebtedness amounted to RMB854.2 million and the outstanding

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

guaranteed loans with the D-infuture Tech Guarantees amounted to RMB33.1 million, resulting in a net amount of RMB821.1 million. Moreover, we have maintained a robust liquidity position. As of December 31, 2025, our current assets amounted to RMB3,823.6 million.

There was no loan, advance or guarantee provided by our Single Largest Group of Shareholders or their associates during the Track Record Period and as of the Latest Practicable Date. We have sufficient capital, facilities, equipment and employees to operate our business independently from our single largest group of Shareholders.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “Corporate Governance Code”), which sets out principles of good corporate governance.

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders and their respective close associates:

- (i) as part of our preparation for the [REDACTED], we have adopted our Articles of Association in compliance with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise stipulated:
 - a. a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting; and
 - b. when the Shareholders’ general meeting deliberates on connected transactions, connected Shareholders who hold significant interests in the relevant connected transactions or arrangements shall not participate in voting, and the number of voting shares they represent shall not be counted in the effective voting; the announcement of the Shareholders’ general meeting resolution shall fully disclose the voting status of the non-connected Shareholders condition;
- (ii) we are committed to ensure that our Board shall have a sufficiently balanced composition of executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. We believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and our single largest group of Shareholders. Further, the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company’s cost. See “Directors and Senior Management—Board of Directors—Independent Non-executive Directors”;
- (iii) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon the [REDACTED]. In particular, our Articles of Association provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting; in the event that the

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our single largest group of Shareholders and/or our Directors on the other hand, our single largest group of Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements;

- (iv) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance;
- (v) in the event that any potential conflict of interest arises at the shareholders’ level, our Single Largest Group of Shareholders shall abstain from voting in the shareholders’ meeting of our Company with respect to the relevant resolution(s); our Company has formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by Single Largest Group of Shareholders, actual controllers and other related parties, (iii) provision of external guarantee, and (iv) internal audit;
- (vi) if our Group and our Single Largest Group of Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules; and
- (vii) as required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets forth certain information regarding the Directors as of the Latest Practicable Date.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Dr. Chen Ning (陳寧)	50	Executive Director, chairman of the Board and general manager	August 27, 2014	August 27, 2014	Responsible for the overall strategic planning, business and operational management of our Group	N/A
Mr. Li Jianwen (李建文)	41	Executive Director, head of operation system department	August 27, 2014	July 21, 2020	Responsible for the management of supply chain and information system of our Group	N/A
Mr. Deng Haoran (鄧浩然)	45	Executive Director, Chief Financial Officer and Board secretary	February 5, 2018	July 21, 2020	Responsible for the implementation of corporate strategic planning, financial management, information disclosure, sales management, compliance matters and human resources related works of our Group	N/A
<i>Non-executive Director</i>						
Ms. Li Jia (李佳)	44	Non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing suggestions on the development strategy of our Group	N/A
<i>Independent non-executive Directors</i>						
Dr. Deng Yangdong (鄧仰東)	53	Independent non-executive Director	September 24, 2020	September 24, 2020	Responsible for providing professional advice to the Board	N/A
Ms. Feng Shaojin (馮紹津)	52	Independent non-executive Director	September 24, 2020	September 24, 2020	Responsible for providing professional advice to the Board	N/A
Ms. Yao Pingping (姚平平)	55	Independent non-executive Director	May 24, 2024	May 24, 2024	Responsible for providing professional advice to the Board	N/A

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Dr. Chen Ning (陳寧), aged 50, joined our Group in August 2014 and has served as the chairman of our Board, an executive Director, and the general manager of our Company since then. He is primarily responsible for the overall strategic planning, business and operational management of our Group.

Dr. Chen has almost 20 years of experience in the semiconductor industry. Prior to joining our Group, from June 2005 to April 2009, he served as a system architect of Freescale Semiconductor Inc., a company primarily engaged in providing embedded electronic solutions, and he was primarily responsible for the R&D and design of key technologies. From May 2009 to July 2014, he served as a technical director of ZTE Corporation (深圳市中興通訊股份有限公司) (“ZTE Corporation”) (stock code: 000063.SZ and 00763.HK), a company primarily engaged in providing integrated information and communications technology (“ICT”) solutions, and he was primarily responsible for formulating and implementing semiconductor technology strategy.

Dr. Chen received a bachelor’s degree in electrical engineering from Shanghai Jiaotong University (上海交通大學) in the PRC in July 1997. He further obtained a master’s degree in electrical engineering from New Mexico State University in the United States in January 2002. He also obtained a Ph.D. degree in electrical engineering from Georgia Institute of Technology in the United States in May 2006.

Dr. Chen is a leading figure in semiconductor industry and has won many awards from renowned organizations, including but not limited to (i) awarded as an Outstanding National Leader of Shenzhen (深圳市國家級領軍人才) in May 2011, (ii) a Class A talent of the Peacock Program for Overseas High-level Personnel (Level A) (深圳市海外高層次人才A類人才) in March 2012, (iii) the recipient of the 16th Guangdong Youth “May 4th Medal” (第十六屆廣東省青年“五四獎章”) in 2014, and (iv) the prominent individuals in innovation and entrepreneurship and outstanding role models at the 40th Anniversary of Shenzhen Special Economic Zone (“深圳經濟特區建立40周年創新創業人物和先進模範人物”) in October 2020. Dr. Chen was elected as the chairman of Artificial Intelligence Committee of the All China Federation of Industry and Commerce (全國工商聯人工智能委員會) in November 2024 and a president of the 10th Shenzhen Young Scientists Association in July 2025. Dr. Chen was honored as the AI Person of the Year 2025 by China Media Group.

Mr. Li Jianwen (李建文), aged 41, joined our Group in August 2014, as a head of operation system department and he has served a Director of our Company since July 2020. He has been redesignated as an executive Director in July 2025. He is primarily responsible for the management of supply chain and information system of our Group.

Mr. Li has over 16 years of experience in the semiconductor industry. Prior to joining our Group, from April 2009 to August 2011, he served as semiconductor development manager of Sanechips Technology Co., Ltd (深圳市中興微電子技術有限公司), a company primarily engaged in communication IC design, and he was primarily responsible for the development of semiconductors.

Mr. Li received a bachelor’s degree in computer science and technology from Putian University (莆田學院) in the PRC in July 2006. He also obtained a master’s degree in computer software and technology from Northwestern Polytechnical University (西北工業大學) in the PRC in April 2009.

Mr. Deng Haoran (鄧浩然), aged 45, joined our Group in February 2018 and has served as a Director, the Chief Financial Officer and the Board secretary of our Company since July 2020. He has been redesignated as an executive Director in July 2025 and has been appointed as the joint company

DIRECTORS AND SENIOR MANAGEMENT

secretary in July 2025. He is primarily responsible for the implementation of corporate strategic planning, financial management, information disclosure, sales management, compliance matters and human resources related works of our Group.

Mr. Deng has over 20 years of experience in accounting, tax and compliance matters. Prior to joining our Group, from August 2005 to September 2007, he served as an auditor and tax consultant of Ernst & Young Hua Ming LLP where he was primarily responsible for providing auditing and tax consulting services. From March 2008 to October 2015, he served as a finance expert of Huawei Technologies Co., Ltd. (華為技術有限公司), a company primarily engaged in ICT infrastructure and smart device products where he was primarily responsible for tax compliance planning and operation. Starting from October 2015, he served as a deputy Chief Financial Officer of LINGYI iTECH (GUANGDONG) COMPANY (廣東領益智造股份有限公司) (stock code: 002600.SZ), a company primarily engaged in manufacturing of precision functional and structural components for consumer electronics, where he was primarily responsible for financial and compliance operations and strategic implementation.

Mr. Deng obtained a master’s degree in marketing from the Goodman School of Business at Brock University in Canada in June 2005. Mr. Deng is also currently a Ph.D. candidate in business administration of Hong Kong Polytechnic University. He was certified successively as a certified practising accountant and a fellow by the CPA Australia in November 2015 and May 2021, respectively. He was also certified as an associate member of the Association of International Accountants in March 2021.

Mr. Deng was awarded as the 2020 Excellent CFOs in China by Corporate Finance (新理財雜誌社) and the distinguished faculty graduate award for the Goodman School of Business of Brock University in October 2021 and September 2024, respectively. He was also awarded as Golden Board Secretary (金牌董秘) by New Fortune Board Secretary in June 2025.

Non-executive Director

Ms. Li Jia (李佳), aged 44, joined our Group in July 2023 and has served as a Director since then. She has been redesignated as a non-executive Director in July 2025. She is primarily responsible for providing suggestions on the development strategy of our Group.

Prior to joining our Group, in July 2003, Ms. Li served as an information system analyst of HSBC Electronic Data Processing (Guangdong) Limited (匯豐電子資料處理(廣東)有限公司). From July 2005 to January 2009, she served as a technology R&D and training engineer at the information system depart of the Shenzhen Branch of China Southern Airlines Company Limited (中國南方航空股份有限公司深圳分公司). From January 2009 to January 2018, she served as a manager at information technology center and director human resources department of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) (stock code: 000027.SZ). From January 2018 to July 2018, she served as a deputy manager at general administration department of Shenzhen Energy and Gas Investment Holdings Co., Ltd. (深圳能源燃氣投資控股有限公司). From July 2018 to July 2019, she served as a deputy Director in the office of Shenzhen Special Zone Construction Development Group Co, Ltd. (深圳市特區建設發展集團有限公司). Starting from August 2019 to May 2020, she served as a director at data management department of Shenzhen Smartcity Technology Development Group Co., Ltd. (深圳市智慧城市科技發展集團有限公司). Ms. Li served as a director of Shenzhen Information Pipeline Co., Ltd. (深圳市信息管線有限公司) from May 2021 to July 2025. Since May 2021, She has served as a director of Shenzhen Special Zone Jianfa Technology Park Development Co., Ltd. (深圳市特區建發科技園區發展有限公司). She has served as a director of Shenzhen Haichuang Industrial Park Investment Co., Ltd. (深圳市海創產業園區投資有限公司) since September 2024. She has also successively served as associate director and director of the intelligence and information system department, and director of the technology innovation and digitalization department of Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司) since May 2020.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li received a bachelor’s degree in information management and information system from South China University of Technology (華南理工大學) in the PRC in July 2003. She also obtained a master’s degree in applied information technology for manufacture from University of Warwick in the United Kingdom in January 2005.

Independent Non-executive Directors

Dr. Deng Yangdong (鄧仰東), aged 53, is an independent non-executive Director. He joined our Group as an independent Director since September 2020. He is primarily responsible for providing professional advice to the Board.

Prior to joining our Group, he worked at Magma Design Automation. Starting from March 2008, he served as an associate research fellow of the micro-and nano-electronics department of Tsinghua University (清華大學微納電子系). Dr. Deng has served as an independent director of Shenzhen Jingzhida Technology Co., Ltd. (深圳精智達技術股份有限公司) (stock code: 688627.SH) since January 2021. He has also currently served as doctoral supervisor and associate research fellow of the School of Software, Tsinghua University (清華大學軟件學院) since July 2013.

Dr. Deng graduated from radio technology and information and his master’s degree in circuits and systems from Tsinghua University (清華大學) in the PRC in July 1995 and March 1998, respectively. He also obtained a Ph.D. degree in electrical and computer engineering from Carnegie Mellon University in the United States in December 2006.

Ms. Feng Shaojin (馮紹津), aged 52, is an independent non-executive Director. She joined our Group as an independent Director since September 2020. She is primarily responsible for providing professional advice to the Board.

Ms. Feng has currently served as an independent director of Shenzhen Center Power Tech. Co., Ltd. (深圳市雄韜電源科技股份有限公司) (stock code: 002733.SZ) since December 2019 and Shenzhen Emperor Technology Company Limited (深圳市雄帝科技股份有限公司) (stock code: 300546.SZ) since December 2024. From September 2017 to November 2021, she also served as an independent director of SinoDaan Co., Ltd. (中達安股份有限公司) (stock code: 300635.SZ). She also has served as an independent director of Shenzhen Fountain Corporation (深圳世紀星源股份有限公司) from June 2015 to June 2019 and since June 2023.

Prior to joining our Group, she worked at Tianjin Daily Newspaper Group (天津日報報業集團) in 1997. From June 2004 to November 2004, she worked at Shenzhen Airlines Company Limited (深圳航空有限責任公司). From December 2004 to August 2005, she worked in Shenzhen Newspaper Group Press. From September 2005 to March 2021, she worked at Shenzhen Newspaper Group (深圳報業集團).

Ms. Feng received a bachelor’s degree in accounting from Tianjin University of Finance and Economics (天津財經大學) in the PRC in July 1996. She was certified as a certified tax agent by State Taxation Administration of the PRC (國家稅務總局) in June 2002, a senior accountant by the Guangdong Provincial Department of Human Resources (廣東省人事廳) in December 2007 and a non-practicing certified public accountant by the Shenzhen Institute of Certified Public Accountants (中國深圳註冊會計師協會) (CICPA) in December 2009.

Ms. Yao Pingping (姚平平), aged 55, is an independent non-executive Director. She joined our Group as an independent Director since May 2024. She is primarily responsible for providing professional advice to the Board.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, from June 2002 to June 2006, she studied in EU and US. From September 2006 to August 2009, she served as associate of Colin Ng & Partners LLP (Singapore). Ms. Yao has served as a partner of Zhong Lun Law Firm LLP Hong Kong office (中倫律師事務所有限法律責任合夥), since May 2010.

Ms. Yao received a bachelor’s degree in law from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in July 1992. She also obtained a master’s degree in law from Sun Yat-sen University (中山大學) in the PRC in June 1995. She also obtained a Juris Doctor degree from University of Washington in the United States in June 2006. She was qualified to practice law in the PRC, the state of New York and Hong Kong by Ministry of Justice of the PRC, the State of New York Supreme Court and the Law Society of Hong Kong in November 1994, August 2007 and June 2014 respectively.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management.

Name	Age	Position	Date of joining our Group	Date of appointment as a member of senior management	Responsibility	Relationship with other Directors and senior management
Dr. Chen Ning (陳寧)	50	Executive Director, chairman of the Board and general manager	August 27, 2014	August 27, 2014	Responsible for the overall strategic planning, business and operational management of our Group	N/A
Mr. Deng Haoran (鄧浩然) . . .	45	Executive Director, Chief Financial Officer and Board secretary	February 5, 2018	July 21, 2020	Responsible for the implementation of corporate strategic planning, financial management, information disclosure, sales management, compliance matters and human resources related works of our Group	N/A
Mr. Li Aijun (李愛軍)	50	Deputy general manager, Chief Technology Officer and general manager of product and R&D system	February 18, 2017	July 21, 2020	Responsible for coordinating and overseeing the research, development, and design of chips products of our Group	N/A
Mr. Cheng Bing (程冰)	42	Deputy general manager	November 16, 2015	July 21, 2020	Responsible for the consumer product design, R&D, sales and the operation management of our Group	N/A
Mr. Wang Lei (王磊)	45	Deputy general manager	December 12, 2017	July 21, 2020	Responsible for the management of the chip sales department I of our Group	N/A
Mr. Zheng Wenxian (鄭文先) . .	44	Deputy general manager	April 9, 2018	July 21, 2020	Responsible for the management of the public relationship of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Dr. Chen Ning (陳寧), for his biography, see “—Board of Directors—Executive Directors.”

Mr. Deng Haoran (鄧浩然), for his biography, see “—Board of Directors—Executive Directors.”

Mr. Li Aijun (李愛軍), aged 50, joined our Group in February 2017 and has served as a deputy general manager, Chief Technology Officer and general manager of product and R&D system of our Company since July 2020, June 2025 and June 2025, respectively. He is responsible for coordinating and overseeing the research, development, and design of chips products of our Group.

Prior to joining our Group, from April 2001 to February 2017, he served as a department head of Sanechips Technology Co., Ltd. (深圳市中興微電子技術有限公司).

Mr. Li received a bachelor’s degree in optoelectronics and a master’s degree in microelectronics and solid-state electronics from Xidian University (西安電子科技大學) in the PRC in July 1998 and June 2001, respectively. He was awarded as a research fellow (technology entrepreneur) (研究員(科技型企業家)) by Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in December 2019. He has also participated as responsible person or core technical personnel in research and development of multiple major national special projects.

Mr. Li has received various awards and honors in the field of technology, including but not limited to (i) certified as an Outstanding National Leader of Shenzhen (深圳市國家級領軍人才) by Human Resources and Social Security Administration of Shenzhen Municipal (深圳市人力資源和社會保障局) in August 2017, (ii) the Distinguished Expert in Longgang District (“龍崗區優秀專家”) by the Shenzhen CPC Longgang District Committee and Shenzhen Longgang Municipal Committee in December 2018, (iii) the Second Prize of the Shenzhen Science and Technology Award—Science and Technology Progress Category (深圳市科學技術獎科技進步獎二等獎) by Shenzhen Municipal People’s Government (深圳市人民政府) in 2004 and (iv) the First Prize of the Shenzhen Science and Technology Award—Science and Technology Progress Category (深圳市科學技術獎科技進步獎一等獎) by Shenzhen Municipal People’s Government (深圳市人民政府) in October 2019.

Mr. Cheng Bing (程冰), aged 42, joined our Group in November 2015 and has served as a deputy general manager of our Company since July 2020. He is responsible for the consumer product design, R&D, sales and the operation management of our Group.

Prior to joining our Group, from December 2006 to January 2015, he successively served as programmer, development manager and product director of Shenzhen Zhongxing Liwei Technologies Co., Ltd. (深圳中興力維技術有限公司) (currently known as Shenzhen ZNV Technology Co., Ltd. (深圳力維智聯技術有限公司)).

Mr. Cheng received a bachelor’s degree in computer science and technology from Civil Aviation University of China (中國民用航空學院) in the PRC in July 2004. He also obtained his master degree in computer science and technology from Xi’an University of Posts and Telecommunications (西安郵電大學) in the PRC in June 2025. He was certified as a senior engineer (technology entrepreneur) (高級工程師(科技型企業家)) by Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in January 2020.

Mr. Wang Lei (王磊), aged 45, joined our Group in December 2017 and has served as a deputy general manager of our Company since July 2020. He is responsible for the management of the chip sales department I of our Group.

Prior to joining our Group, from December 2005 to April 2007, he worked at Shenzhen Newland Communication Technology Co., Ltd. (深圳市新大陸通訊技術有限公司). From August 2007 to August 2008, he worked at Shenzhen SED Industry Co., Ltd. (深圳市桑達實業股份有限公司). From March 2008 to March 2015, he worked at Shenzhen Sinomaster Investment Group Co., Ltd. (深圳市神州通投

DIRECTORS AND SENIOR MANAGEMENT

資集團有限公司). From April 2015 to March 2016, he worked at Shenzhen Shouhua Xiao'an Network and Technology Co., Ltd. (深圳首華校安網絡科技有限公司). From June 2016 to November 2017, he worked at Shenzhen Tusong Cultural Communication Co., Ltd. (深圳途勝文化傳播有限公司).

Mr. Wang obtained a bachelor's degree in business management and marketing from Hunan University of Technology (湖南工業大學) in the PRC through correspondence education in July 2010. Mr. Wang has been a member of the 13th China Young Entrepreneurs Association (中國青年企業家協會) since 2024. He was also certified as a senior engineer(高級工程師) by Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in August 2024.

Mr. Zheng Wenxian (鄭文先), aged 44, joined our Group and served as a deputy general manager of our Company since April 2018. He is responsible for the management of the public relationship of our Group.

Prior to joining our Group, from July 2005 to October 2006, Mr. Zheng served as an officer of the Communications Resources Division of the Shenzhen Municipal Bureau of Science and Information Technology (深圳市科技和信息局通信與網絡資源處). From October 2006 to May 2007, he served as an officer of Shenzhen Municipal Bureau of Science and Information Office (深圳市科技和信息局辦公室). From May 2007 to December 2011, he served as an officer of the Planning Division of the Shenzhen Municipal Bureau of Science and Information Technology (深圳市科技和信息局規劃處). From March 2012 to April 2016, Mr. Zheng successively served as a chief clerk and an assistant to the director of Shenzhen Municipal Science and Technology Innovation Committee (深圳市科技創新委員會), and he was responsible for innovation support, integrated circuit policy formulation. From April 2016 to April 2018, he served as deputy chief clerk and chief clerk of Shenzhen Nanshan District Bureau of Science and Technology Innovation (深圳市南山區科技創新局).

Mr. Zheng received a bachelor's degree in computer science and technology from Beihang University (北京航空航天大學) in the PRC in July 2004. He also obtained a master's degree in software engineering from the University of Electronic Science and Technology of China (電子科技大學) in the PRC in May 2012. He received an Executive Master of Business Administration degree from Peking University (北京大學) in the PRC in August 2020. He was certified as a Senior Engineer (Technology Entrepreneur) (高級工程師(科技型企業家)) by Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in December 2019.

Save as disclosed above and the sections headed “Relationship with our Single Largest Group of Shareholders” and “Appendix IV—Statutory and General Information—C. Further Information about our Directors, Chief Executive and Substantial Shareholders—1. Disclosure of interests—Interests of our Directors and the Chief Executive of our Company” in this document, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management, substantial shareholders or Controlling Shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Deng Haoran (鄧浩然), for his biography, see “—Board of Directors—Executive Directors.”

Ms. Yeung Siu Lam (楊兆琳) is a Senior Manager of Company Secretarial Services of Tricor Services Limited. Ms. Yeung possesses over 8 years of experience in the company secretary profession and has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yeung is currently the company secretary or joint company secretary of a few companies listed on the Stock Exchange.

Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yeung obtained her Bachelor of Arts degree from The University of Hong Kong in December 2016 and Master of Corporate Governance degree from The Hong Kong Metropolitan University in November 2020.

BOARD COMMITTEES

Our Company has established four committees under the Board of Directors, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Ms. Feng Shaojin, Dr. Deng Yangdong and Ms. Yao Pingping with Ms. Feng Shaojin currently serving as the chairperson of the Audit Committee. Ms. Feng Shaojin has the appropriate professional qualification and experience as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing the Group’s financial information and disclosures, overseeing and evaluating internal and external audit work, as well as the internal controls of our Company.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Dr. Deng Yangdong, Ms. Feng Shaojin, Dr. Chen Ning with Dr. Deng Yangdong serving as the chairperson of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is mainly responsible for formulating appraisal criteria for Directors and senior management and conducting appraises, as well as formulating and reviewing remuneration policies and plans for Directors and senior management, including the determination mechanism, decision-making procedures, payment, suspension of payment, and recovery arrangements related to remuneration.

Nomination Committee

We have established the Nomination Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Ms. Feng Shaojin, Ms. Yao Pingping and Dr. Chen Ning, with Ms. Feng Shaojin currently serving as the chairperson of the Nomination Committee. The Nomination Committee is mainly responsible for formulating the selection criteria and procedures for Directors and senior management, as well as screening and reviewing candidates for these positions and their eligibility for appointment.

DIRECTORS AND SENIOR MANAGEMENT

Strategy Committee

The Strategy Committee consists of three Directors upon the [REDACTED], namely Dr. Chen Ning, Mr. Deng Haoran and Mr. Li Jianwen, with Dr. Chen Ning currently serving as the chairperson of the Strategy Committee. The Strategy Committee is mainly responsible for researching and making recommendations regarding the Group’s long-term development strategies and major investment decisions.

DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a board diversity policy (the “Board Diversity Policy”) in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy focuses on considering the benefits of member diversity from a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Our Directors have a balanced mixed of gender, knowledge and skills, including but not limited to overall business management, finance and accounting and law. Two of our Directors are also female Directors and two of our members of the Nomination Committee are also female Directors. Our Directors obtained degrees in diversified majors including electrical engineering, business administration, computer science, law and accounting. In addition, our Board of Directors has a wide range of age. Our Board is of the view that our Board of Directors satisfies the Board Diversity Policy. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors’ expectation, and international and local recommended best practices.

The Nomination Committee is authorized by the Board of Directors and is responsible for reviewing the diversity of our Board. After the [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose the Board Diversity Policy and the progress in achieving the goals in the Corporate Governance Report upon the [REDACTED].

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of the Directors and members of the senior management of our Company are determined by the Shareholders’ meetings and our Board as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders’ meetings and our Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors receive compensation based on their responsibilities.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) paid to the Directors for the three years ended December 31, 2023, 2024 and 2025, were approximately RMB10.10 million, RMB20.89 million and RMB19.00 million, respectively.

The aggregate amounts of remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) paid to the five highest paid individuals, including 1, 1 and 1 Directors, for the three years ended December 31, 2023, 2024 and 2025, were approximately RMB35.51 million, RMB57.43 million and RMB71.35 million, respectively.

It is estimated that remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) equivalent to approximately RMB10.22 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026, based on the arrangements in force as of the date of the document.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as compensation for loss of office during the Track Record Period. Furthermore, none of the Directors waived or agreed to waive any remuneration during the Track Record Period.

CORPORATE GOVERNANCE

Under paragraph C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Chen is the chairman of our Board and general manager of our Company. He has over 20 years of experience in semiconductor industry. Dr. Chen is overall strategic planning, business and technology direction and operational management of our Group. While this will constitute a deviation from code provision C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of both chairman of the Board and general manager all in Dr. Chen has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Group. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. Our Board currently comprises one non-executive Director and three independent non-executive Directors as compared to three executive Directors. Therefore, our Board possesses an independent element in its composition. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the [REDACTED].

RULE 3.09D AND RULE 3.13 CONFIRMATION

Each of our Directors confirms with respect to himself or herself that (i) he or she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 18, 2025, and (ii) he or she understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Each of the independent non-executive Directors confirms that (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or her has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) there are no other factors that may affect his independence at the time of his appointments.

Each of Mr. Wang Xiaoyu, Mr. Ye Weizhong, Ms. Kang Li, Mr. Yu Xin, Ms. Gong Yamin and Ms. Lin Hui (together “Former Directors”) resigned as a director of the Company during the tracked recorded period. Save for Ms. Lin Hui resigned due to personal reason, the other Former Directors resigned due to the retirement by rotation in accordance with the Articles of Association, and the Company has confirmed that there’s no disagreement with Former Directors.

DIRECTORS AND SENIOR MANAGEMENT

COMPETING INTERESTS

Save as disclosed in the section headed “Relationship with Our Single Largest Group of Shareholders,” each of our Directors confirms that he/she or his/her respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirement under Rules 8.12 and 19A.15 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see “Waivers from Strict Compliance with the Listing Rules—Waiver in Respect of Management Presence in Hong Kong.”

COMPLIANCE ADVISOR

Our Company appointed Somerley Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances.

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of our Company pursuant to Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Stock Exchange from time to time and any new or amended laws and regulations in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment of the compliance advisor will commence on the [REDACTED] and end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] and no additional Shares are issued pursuant to our Share Incentive Schemes, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholders	Nature of Interest	Number and type of Shares interested in under the SFO ⁽¹⁾	Approximately % of the issued Shares of our Company as of the Latest Practicable Date	Immediately after the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes)	
				Approximate % of the A Shares of our Company	Approximate % of the issued Shares of our Company
Dr. Chen.	Beneficial owner	83,672,080 A Shares	23.27%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽²⁾	6,083,700 A Shares	1.69%	[REDACTED]%	[REDACTED]%

(1) All interests are long positions.

(2) As of the Latest Practicable Date, Mingde Zhiyuan is wholly owned by Dr. Chen. Therefore, Dr. Chen is deemed to be interested in all Shares held by Mingde Zhiyuan.

Save as disclosed above and in “Appendix IV—Statutory and General Information—C. Further Information about our Directors, Chief Management and Substantial Shareholders—1. Disclosure of Interests” to this document, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB359,603,380 comprising 359,603,380 A Shares with a nominal value of RMB1.00 each, which are all listed on the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
A Shares	[REDACTED]	[REDACTED]%
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised and no additional Shares are issued pursuant to our Share Incentive Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
A Shares	[REDACTED]	[REDACTED]%
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by Chinese Mainland investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shang-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of A Shares.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the Shareholders’ general meeting of our Company held on July 28, 2025 upon, among other things, the following major terms:

(1) Size of the offer

The proposed number of H Shares to be offered [REDACTED] shall not exceed [REDACTED]% of the total number of issued Shares as enlarged by the H Shares to be issued pursuant to the [REDACTED] and before the exercise of the [REDACTED]. The number of H Shares to be issued pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be offered initially pursuant to the [REDACTED].

(2) Method of the [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional investors.

(3) Target investors

The H Shares shall be issued to overseas professional organizations, institutions individual investors and other eligible investors.

(4) [REDACTED] basis

[REDACTED]

(5) Validity period

The approval is valid for 24 months from the date of passing of the resolutions at the Shareholders’ general meeting of our Company held on July 28, 2025.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

For details of circumstances under which our Shareholders’ general meeting is required, see section headed “Appendix III—Summary of Articles of Association of the Company” of this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto included in the Accountants’ Report set out in Appendix I to this document. You should read the entire Accountants’ Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants’ Report has been prepared in accordance with the IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed “Forward-looking Statements” and “Risk Factors” in this document.

OVERVIEW

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. 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.

We achieved significant growth during the Track Record Period. Our revenue increased from RMB506.0 million in 2023 to RMB1,339.3 million in 2025. We are still at the R&D stage or early commercialization stage of certain of our major offerings. We recorded adjusted net loss (non-IFRS measure) of RMB297.5 million, RMB382.6 million and RMB282.5 million for 2023, 2024 and 2025, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by the general factors influencing the sectors that we operate in. For instance, for our offerings in AI inference chips and related products and computing power services, our business growth is subject to industry-wide factors that shape the demand of our offerings, such as the growth of large AI models, enterprises’ increasing AI deployments, enhanced requirements for inference in consumer electronics, and further urban infrastructure upgrades focusing on optimized balance for performance and cost efficiency. Similarly, our business operations are influenced by the overall development of the smart device industry, such as transformation of smart devices into intelligent service nodes. Meanwhile, macroeconomic conditions, regulatory environment and industrial policies, as well as global technological advancements and supply chain evolvments, have had and will continue to have an impact on our performance.

FINANCIAL INFORMATION

In addition to these general factors, our results of operations are affected by the following company-specific factors:

Our Research and Development Capabilities

We operate in sectors characterized by rapid technological innovations and evolving demands for new products and services. Our R&D capabilities are fundamental to the success and attractiveness of products and services and our competitive advantages. Our ability to cement our market position, implement our growth strategies and achieve long-term commercial success significantly depends on the achievements of our R&D initiatives and our technology advantages. In recent years, we began to commercialize our AI inference chips and related products and computing power services, and we also embarked on consumer-class applications through the integration of D-infuture Tech’s business and our organic growth.

We have invested heavily in our R&D efforts, including attracting and retaining our R&D personnel, engaging in various R&D activities, and undertaking relevant R&D projects. During the Track Record Period, we incurred research and development expenses of RMB294.8 million, RMB399.9 million and RMB445.5 million for 2023, 2024 and 2025, representing 58.3%, 43.6% and 33.3% of our total revenue for the same periods, respectively. Specifically, in addition to our employee benefit expenses for R&D personnel, which accounted for the most significant portion of our research and development expenses, we also incurred design service fees, research material costs and depreciation and amortization expenses in connection with our investment in multiple R&D initiatives. We expect to continually invest significant resources into our R&D efforts as the cornerstone of our future success.

Our R&D capabilities and the results of our R&D efforts depend on various factors, including, among others, our ability to precisely and timely capture the trend of industry development and technology advancements, our ability to retain and incentivize talents with related expertise and the effectiveness and progress of our R&D activities. Moreover, as we have diversified the application scenarios of our products and services, we have endeavored to address and may continue to face different and more complex R&D requirements. Whether our R&D initiatives will ultimately achieve commercial success also depends on the market reception, demand and competitive landscape. All of these internal and external factors will affect our return on R&D investments and results of operations.

Evolvements of Our Offering Mix

Driven by the crucial developments of the AI inference chip-related products and services in recent years and the changes in the global supply chain, our offering mix has evolved under the convergence of downstream demand and our core advantages, which led to the structural shift of our revenue sources during the Track Record Period. While we have historically generated our revenue primarily from the industry-class scenario, we currently derived our revenue from three major business lines, namely, the enterprise-, consumer- and industry-class scenarios. Specifically, the enterprise- and consumer-class scenarios have become our key growth drivers. Revenue from our enterprise-class scenario was RMB31.1 million, RMB248.6 million and RMB536.1 million in 2023, 2024 and 2025, respectively, accounting for 6.2%, 27.1% and 40.0% of our total revenue for the same periods, respectively. We began to engage in the consumer-class scenario business through the acquisition of D-infuture Tech in April 2024, and we also began to offer consumer-class products under our own brand to achieve organic growth. Our revenue from the consumer-class scenario was RMB405.7 million and RMB623.9 million for 2024 and 2025, respectively, accounting for 44.2% and 46.6% of our total revenue for the same periods, respectively. In contrast, there was a decline in the industry-class scenario caused by weakening demand. Revenue from our industry-class scenario decreased both in absolute amount and as a percentage of our total revenue, which was RMB469.1 million, RMB253.8 million and RMB174.2 million in 2023, 2024 and 2025, respectively, accounting for 92.7%, 27.7% and 13.0% of our total revenue for the same periods, respectively. In light of these trends, we expect that the performance of our enterprise- and consumer-class scenarios will drive our future financial performance.

FINANCIAL INFORMATION

We believe that the competitive advantages of our products and services are paramount to our ability to achieve commercial success in each of these application scenarios. This in turn depends on our R&D capabilities, as well as the degree of fit of our products and services with the demand and requirements of customers from each application scenario. In addition, as a result of our expansion into multiple sectors with varying requests and relatively new to us, such as in certain enterprise- and consumer-class scenarios, we must enhance our ability to operate under a more hybrid business model. For instance, we must enhance our ability to manage the development, operations and delivery of multiple types of products and services, understand the needs of customers ranging from consumers to enterprise customers, adapt to the technology upgrades and industry trends of each business line, generate synergies among these business lines and achieve greater operating leverage as we expand. Specifically, as we acquired D-infuture Tech in April 2024 as our major move in the consumer-class scenario, our ability to integrate D-infuture Tech into our overall business scheme and generate synergies from such acquisition is crucial to our prospects. The acquisition of D-infuture Tech aims to leverage China’s rapidly growing AI market by combining our proprietary AI algorithms and chip technologies with D-infuture Tech’s expertise in wearable IoT devices. For details, see “History, Development and Corporate Structure—Major Acquisitions and Disposals—Acquisition of D-infuture Tech.”

In addition, our results of operations are affected by changes in our offering mix, as we had different profit margin across different products and services. The variation of profit margin is driven by, among others, disparate nature of products and services with different cost structure, and degree of market competition that affects pricing strategy. Our financial performance during the Track Record Period, especially our gross profit margin, was affected by the changes in the relative contribution of such products and services with disparate profit margin, with considerable impact from AI inference chip and related products and computing power services versus consumer-class products and services. For instance, for our enterprise-class scenario, the gross profit margin of IP licensing business tends to be significantly higher than other types of products and services by virtue of its cost structure as software in nature, which generally does not involve any hardware costs or depreciation of machinery or equipment. In addition, in part due to the competitive landscape of smart devices sector, the gross profit margin of consumer-class scenario products and services is lower than that of our enterprise- and industry-class scenarios. We expect to improve the profit margin of the consumer-class scenario with the launch of new products in the future.

While the supplies underlying our enterprise- and industry-class scenario products and services vary significantly, and the concept of raw materials generally does not apply to such supplies considering the nature of those businesses, the cost profile and resultant profitability of our consumer-class scenario products and services is affected in part by relevant raw material costs. For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers through price adjustment mechanisms), the sensitivity analysis of the impact of fluctuations in the cost of raw materials/relevant inventories for our consumer-class scenario products and services being 5%, 10% and 15% on our loss before income tax in 2024 and 2025 is as follows:

	For the year ended December 31,	
	2024	2025
	(RMB in thousands)	
<i>Fluctuations in cost of raw materials/inventories</i>		
± 5%	± 17,539	± 26,143
± 10%	± 35,077	± 52,286
± 15%	± 52,616	± 78,428

Commercialization of Our Products and Services

Our results of operations are ultimately affected by the commercialization results of our products and services. Specifically, enhanced commercialization will enable us to recover our early-stage investments into various R&D initiatives. Similar to peer products and service providers, the commercial success of our products and services, including the sustainability of our business growth and our ability to recover our costs and generate returns on relevant investments, is affected by a series

FINANCIAL INFORMATION

of external demand-side factors shaping the market adoption and penetration of these products and services. These factors include, among others, the degree of acceptance of such products and services and deployment status of relevant technologies in various application scenarios, the industrial policies and other government incentives that promote the adoption of underlying technologies, the macroeconomic conditions, and the budgets, funding and procurement plans of customers. Our performance is influenced by uncertainties associated with these external factors, over which we have limited control.

We have adopted a demand-facing and market-oriented approach in selecting our path to achieve business growth and commercialization success, striving to match our technological capabilities with monetization opportunities. We have also begun to offer AI inference chips and related products and computing power services in recent years, representing our latest efforts to monetize from our R&D initiatives and technological capabilities from the enterprise-class scenario. We also embarked on the consumer-class scenario with the dual initiatives of acquiring D-infuture Tech and pursuing organic growth through our branded products. Whether we can successfully monetize from these and other commercialization initiatives that we proceed with in the future depends on our ability to precisely and timely capture and adapt to market and industry trends, in particular in areas of robust and unaddressed demand. In addition, we must implement effective commercialization strategies based on the characteristics of the various products and services that we offer, and the nature of customers in each application scenario. We must also cultivate corresponding customer base and improve our market penetration. Specifically, the continued growth of our enterprise-class scenario products and services depends on, apart from the intrinsic value of such products and services to customers, our ability to promote the adoption of our products to a wider, high-quality customer base and to maintain long-term and virtuous relationship with these customers. With respect to our consumer-class scenario products, we must design and implement efficient, consumer-facing go-to-market strategies for relevant products and manage online and offline sales channels.

Ability to Effectively Manage Our Costs and Expenses

Our ability to effectively control our operating expenses, comprising selling and distribution expenses, administrative expenses and research and development expenses, is crucial to our profitability. As we underwent business expansion together with evolvement of offering mix during the Track Record Period, we experienced fluctuations in our operating expenses. During the Track Record Period, we recorded administrative expenses of RMB207.2 million, RMB260.8 million and RMB219.1 million for 2023, 2024 and 2025, respectively, representing 41.0%, 28.4% and 16.4% of our total revenue for the same periods, respectively. We also recorded selling and distribution expenses of RMB101.6 million, RMB176.3 million and RMB164.2 million for 2023, 2024 and 2025, respectively, representing 20.1%, 19.2% and 12.3% of our total revenue for the same periods, respectively. Driven by changes in our business needs and operational goals, our operating expenses may continue to fluctuate due to many factors, such as changes in the headcount and compensation of relevant employees, including the granting and vesting of share-based awards, and changes in the needs of relevant business activities, such as costs incurred for undertaking marketing and business development initiatives. Our future results of operations will continue to be affected by our ability to manage these costs at a reasonable level commensurate with our business growth. Going forward, as our business grows substantially and in a steady manner, we expect to achieve greater operating leverage from greater economies of scale, which could contribute to our profitability.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period.

FINANCIAL INFORMATION

The historical financial information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and operational results. Results may differ from these estimates under different assumptions and conditions.

Our management continually evaluates such estimates, assumptions and judgements based on historical experience and other assumptions which our management believes to be reasonable under the circumstances.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Note 3.2 to the Accountants’ Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers

Revenue mainly arises from the following major sources:

- (i) Sales of goods;
- (ii) Provision of services; and
- (iii) Provision of computing power services.

To determine whether to recognize revenue, we follow a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

For the revenue recognized over time, we use an output method to measure progress towards complete satisfaction of a performance obligation, when the customer simultaneously receives and consumes the benefits provided by our performance as we perform. Otherwise, we recognize revenue from such performance obligation at a point in time upon acceptance of customized services by customers.

FINANCIAL INFORMATION

Further details of our revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in the PRC is recognised when we have delivered the products to the customers in accordance with the contract terms, and have received acceptance and other proof of receipt from the customers.

Revenue from provision of services

Revenue from provision of services between us and our customers generally includes technical services. If the customers obtain and consume the economic benefits brought by our performance when we have performed our obligations, we may treat our performance obligation as satisfied within a certain period of time and recognise the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognized when we have satisfied the corresponding performance obligation in accordance with the contract terms, and have received acceptance and other proof of receipt from the customers.

Revenue from integrated project contracts

Revenue from integrated project contracts comprises the sale of hardware products and software products, together with the provision of accompanying services including solution design, installation and commissioning, technical supervision, trial operation, and system maintenance.

We enter into sales contracts with customers which set out detailed acceptance criteria. Revenue is recognized when the performance obligations are satisfied in accordance with the contractual acceptance terms, and acceptance is obtained from the customer or a designated party specified in the contract.

We assess whether the goods and services promised in the contract are distinct and accounts for each performance obligation separately, unless they are not distinct within the context of the contract, in which case they are combined as a single performance obligation.

For integrated project contracts that include warranty clauses, we evaluate whether the warranty provides assurance that the delivered goods comply with agreed-upon specifications, or if it constitutes a distinct service. Assurance warranty is accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets.” Where the warranty represents a distinct service promised to the customer, it is treated as a separate performance obligation and accounted for in accordance with the revenue recognition policies for provision of services (see above).

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

FINANCIAL INFORMATION

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Electronic devices	3 years
Motor vehicles	4 years
Office equipment and others . .	3 years
Machinery and equipment	5–10 years
Leasehold improvements	shorter of the unexpired term of the lease or 3 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other gains/(losses) – net” in the consolidated statements of profit or loss.

Impairment of Financial Assets and Contract Assets

Credit losses and impairment of assets

Credit losses from financial instruments and contract assets

We recognize a loss allowance for ECLs on:

- financial assets measured at amortized cost (including trade and bill receivables, deposits and other receivables, amount due from related companies, time deposit, restricted bank deposits and cash and cash equivalents);
- contract assets; and
- non-equity securities measured at FVTOCI;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

FINANCIAL INFORMATION

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

We measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve does not reduce the carrying amount of the financial asset in the statement of financial position.

Trade receivables and contract assets

For trade receivables and contract assets, we apply a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, we have established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. We have therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

FINANCIAL INFORMATION

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by us, liabilities incurred by us to the former owners of the acquiree and the equity interests issued by us in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

We determine that we have acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as bargain purchase gain.

Where the consideration we transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognized in profit or loss.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when we obtain control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

FINANCIAL INFORMATION

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of our cash-generating units (“CGUs”) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When we dispose of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

RESULTS OF OPERATIONS

The following table set forth a summary of our consolidated statements of profit or loss and other comprehensive expense/income in absolute amount as a percentage of our total revenue for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Revenue	506,009	100.0	917,372	100.0	1,339,284	100.0
Cost of sales	(387,207)	(76.5)	(725,271)	(79.1)	(971,099)	(72.5)
Gross profit	118,802	23.5	192,101	20.9	368,185	27.5
Other income	87,776	17.3	112,901	12.3	146,619	10.9
Other gains and losses, net	41,469	8.2	32,963	3.6	21,261	1.6
Provision for impairment losses under ECL model, net	(25,013)	(4.9)	(61,254)	(6.7)	(57,544)	(4.3)
Impairment loss on non-current assets classified as held for sale	—	—	—	—	(25,435)	(1.9)
Write-down of inventories	(3,667)	(0.7)	(12,368)	(1.3)	(12,403)	(0.9)
Selling and distribution expenses	(101,555)	(20.1)	(176,331)	(19.2)	(164,192)	(12.3)
Administrative expenses	(207,221)	(41.0)	(260,769)	(28.4)	(219,143)	(16.4)
Research and development expenses	(294,837)	(58.3)	(399,869)	(43.6)	(445,463)	(33.3)
Finance costs	(484)	(0.1)	(3,888)	(0.4)	(27,861)	(2.1)
Share of results of an associate	—	—	37	0.0	1,340	0.1

FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Loss before income tax	(384,730)	(76.0)	(576,477)	(62.8)	(414,636)	(31.0)
Income tax	620	0.1	4,308	0.5	2,865	0.2
Loss for the year	(384,110)	(75.9)	(572,169)	(62.4)	(411,771)	(30.7)
Other comprehensive income/(loss), net of tax						
Fair value changes on equity instruments at FVTOCI, net of tax	—	—	(12,652)	(1.4)	38,047	2.8
Exchange differences on translation of financial statements of foreign operations, net of tax.	39	0.0	65	0.0	(44)	(0.0)
Other comprehensive income/(loss) for the year, net of tax	39	0.0	(12,587)	(1.4)	38,003	2.8
Total comprehensive loss for the year	(384,071)	(75.9)	(584,756)	(63.7)	(373,768)	(27.9)

NON-IFRS MEASURE

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, which is not required by, or presented in accordance with, the IFRSs. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRSs.

We define adjusted net loss (non-IFRS measure) as loss for the period adjusted for share-based payment expenses and [REDACTED]. Share-based payment expenses are non-cash expenses arising from restricted A-Share incentives granted under relevant schemes. [REDACTED] are incurred in connection with the [REDACTED] and [REDACTED]. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the period which is presented in accordance with the IFRSs.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(384,110)	(572,169)	(411,771)
Add:			
Share-based payment expenses	86,658	189,523	128,658
[REDACTED]	—	—	590
Adjusted net loss (non-IFRS measure)	(297,452)	(382,646)	(282,523)

FINANCIAL INFORMATION

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily generated revenue from the enterprise-, consumer- and industry-class scenarios. Our revenue from the enterprise-class scenario during the Track Record Period primarily consisted of IP licensing fees, sales revenue of AI inference chips and related products, and service fees from the provision of computing power services. Our revenue from the consumer-class scenario during the Track Record Period was primarily related to the sales revenue of smart wearables. Our revenue from the industry-class scenario primarily consisted of project-based revenue from software-hardware integrated solution.

We recorded total revenue of RMB506.0 million, RMB917.4 million and RMB1,339.3 million for 2023, 2024 and 2025, respectively. The following table sets forth our total revenue by application scenarios for the periods indicated, both in absolute amount and as a percentage of our total revenue.

	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 ⁽¹⁾	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

(1) Others primarily include miscellaneous business income, such as income from the provision of repairs and maintenance services.

During the Track Record Period, we experienced a significant growth of revenue from the enterprise-class scenario in 2024 and 2025, driven by the commercialization and continual growth of our AI inference chips and related products and computing power services. We also began to recognize revenue from the consumer-class scenario in 2024 since the acquisition of D-infuture Tech in April 2024, coupled with the commercialization of our branded consumer-class products. Revenue from the industry-class scenario decreased throughout the Track Record Period, as we strategically reduced new project intake in consideration of the overall declining downstream demand primarily driven by a decline in customers’ budget. According to CIC, industry investments in AI has been focused on establishing computing power and data center infrastructure as the foundation of future AI development in the last few years, another area of AI which was distinct from the business scope of our industry-class scenario. Specifically, the number of projects for our industry-class scenarios overall decreased from 225 in 2023 to 188 in 2024, and further to 80 in 2025, while our KA customer retention rate for industry-class scenarios increased from 4.8% in 2023 to 15.0% in 2024, and further to 16.7% in 2025. This demonstrates our deliberation to focus more on developing our products and services for enterprise- and consumer-class scenarios and, with respect to our industry-class scenario business, concentrate our limited resources on serving high-value contracts from major customers in the light of downstream challenges.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales consisted of (1) cost of inventories; (2) depreciation and amortization, which primarily consisted of the depreciation of servers for providing computing power services; and (3) employee benefit expenses of our plan design and implementation personnel. We recorded cost of sales of RMB387.2 million, RMB725.3 million and RMB971.1 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Cost of inventories	361,078	93.2	624,424	86.1	667,347	68.7
Depreciation and amortization	2,603	0.7	68,929	9.5	270,977	27.9
Employee benefit expenses	23,526	6.1	31,918	4.4	32,775	3.4
Total	387,207	100.0	725,271	100.0	971,099	100.0

Gross Profit and Gross Profit Margin

Our gross profit was RMB118.8 million, RMB192.1 million and RMB368.2 million for 2023, 2024 and 2025, respectively, representing a gross profit margin of 23.5%, 20.9% and 27.5% for the same periods, respectively.

The following table sets forth our gross profit and gross profit margin by application scenarios for the periods indicated.

	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)					
Enterprise-class scenario	23,638	76.0%	99,903	40.2%	257,101	48.0%
Consumer-class scenario	—	—	45,413	11.2%	85,595	13.7%
Industry-class scenario	90,030	19.2%	39,147	15.4%	23,149	13.3%
Others	5,134	N/M	7,638	N/M	2,340	N/M
Total	118,802	23.5%	192,101	20.9%	368,185	27.5%

Other Income

Our other income primarily consisted of (1) government grants related to our R&D activities; (2) interest income on bank deposits; and (3) other tax income. Our other income was RMB87.8 million, RMB112.9 million and RMB146.6 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other income for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	74,264	97,948	140,235
Interest income	12,678	10,858	3,972
Other tax income	774	646	795
Others	60	3,449	1,617
Total	87,776	112,901	146,619

FINANCIAL INFORMATION

Other Gains and Losses, Net

Our other gains and losses, net, primarily consisted of fair value change on financial assets at FVTPL, in connection with our wealth management products and structured deposits. Other gains and losses were RMB41.5 million, RMB33.0 million and RMB21.3 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other gains and losses, net for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Fair value change on financial assets at			
FVTPL	41,684	33,598	20,489
Exchange gain/(loss)	49	(42)	1,084
(Loss)/gain on disposal of property, plant and equipment	(41)	(54)	51
(Loss)/gain on lease modifications	(7)	98	(4)
Others	(216)	(637)	(359)
Total	41,469	32,963	21,261

Provision for Impairment Losses under ECL Model, Net

We recorded provision for impairment losses under ECL model, net of RMB25.0 million, RMB61.3 million and RMB57.5 million for 2023, 2024 and 2025, respectively. The provision for impairment losses under ECL model were primarily related to our trade receivables (including long-term trade receivables) and other receivables during the Track Record Period. For details, see “—Discussion of Major Balance Sheet Items—Trade and Bills Receivables” and “—Discussion of Major Balance Sheet Items—Prepayments, Deposits and Other Receivables.”

Impairment Loss on Non-current Assets Classified as Held for Sale

We recorded impairment loss on non-current assets classified as held for sale of nil, nil and RMB25.4 million in 2023, 2024 and 2025, respectively. In 2025, we committed to a plan to sell certain machinery and equipment located in the PRC. In the opinion of the Directors, the disposal of these assets is expected to be completed within 12 months from December 31, 2025. As a result, these assets with aggregate carrying amount of RMB50.2 million immediately prior to the classification as held for sale was written down to its fair value less cost to sell of RMB24.8 million and classified as non-current assets classified as held for sale during the year. Impairment loss of RMB25.4 million was recognized accordingly.

Write-down of Inventories

We recorded write-down of inventories of RMB3.7 million, RMB12.4 million and RMB12.4 million in 2023, 2024 and 2025, respectively. The write-down of inventories were primarily related to the write-down of inventories to net realizable value during the relevant periods. The significant increase of write-down of inventories in 2024 was driven by the increase in overall balance of inventories over the same periods. Specifically, the net amount of inventories increased from RMB135.9 million as of December 31, 2023 to RMB249.4 million as of December 31, 2024, which was driven by the joint impact of our procurement of supplies for undertaking a major customer contract for the enterprise-class scenario, the increase in contract fulfilment cost in line with the delivery progress of various projects, and the acquisition of D-infuture Tech and the consolidation of their inventory balance. For details, see “—Discussion of Major Balance Sheet Items—Inventories.” We recorded a write-down of inventories of RMB12.4 million in 2025, because our inventory aging structure remained relatively stable and we applied a consistent inventory provision policy.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and other benefits for our sales and marketing personnel, including share-based payment expenses; (2) marketing and promotion expenses; (3) business development expenses incurred in our sales and marketing activities; (4) depreciation and amortization, which primarily consisted of the depreciation of right-of-use assets representing our leased offices; and (5) transportation and traveling expenses.

We incurred selling and distribution expenses of RMB101.6 million, RMB176.3 million and RMB164.2 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our selling and distribution expenses by nature, both in absolute amount and as a percentage of our total selling and distribution expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Employee benefit expenses	68,044	67.0	104,979	59.5	82,986	50.5
Marketing and promotion expenses	5,171	5.1	11,346	6.4	49,165	29.9
Business development expenses	11,005	10.9	41,204	23.4	10,527	6.4
Depreciation and amortization	5,793	5.7	6,568	3.7	6,769	4.2
Transportation and traveling expenses . .	6,265	6.1	6,654	3.8	5,087	3.1
Others ⁽¹⁾	5,277	5.2	5,580	3.2	9,658	5.9
Total	101,555	100.0	176,331	100.0	164,192	100.0

(1) Others primarily include rental fees, office expenses and other miscellaneous expenses incurred for sales and marketing purposes.

Administrative Expenses

Our administrative expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and other benefits for our administrative personnel, including share-based payment expenses; (2) depreciation and amortization, which primarily consisted of the depreciation of our right-of-use assets, and the depreciation of office equipment, as well as the part of depreciation of servers that were not generating revenue from computing power services or deployed in R&D activities; (3) office expenses; (4) professional service fees, such as legal and audit service fees; (5) administrative activity expenses incurred in general administrative activities and general operations; and (6) [REDACTED] incurred in connection with the [REDACTED] and [REDACTED].

We incurred administrative expenses of RMB207.2 million, RMB260.8 million and RMB219.1 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our administrative expenses by nature, both in absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Employee benefit expenses	159,465	77.0	203,806	78.2	153,729	70.2
Depreciation and amortization	12,983	6.3	16,207	6.2	27,848	12.7
Office expenses	9,661	4.6	9,901	3.8	11,425	5.2
Professional service fees	7,639	3.7	6,291	2.4	8,030	3.6
Administrative activity expenses	7,187	3.5	10,194	3.9	4,815	2.2
[REDACTED]	—	—	—	—	590	0.3
Others ⁽¹⁾	10,286	4.9	14,370	5.5	12,706	5.8
Total	207,221	100.0	260,769	100.0	219,143	100.0

(1) Others primarily include transportation and traveling expenses, taxes and surcharges and other miscellaneous expenses incurred for general and administrative purposes.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and other benefits for our R&D personnel, including share-based payment expenses; (2) design service fees to third parties incurred in our R&D initiatives, including costs involved in chip design; (3) depreciation and amortization, including, among others, depreciation of our machinery and equipment; (4) IT maintenance service fees, including the costs for maintaining our servers and other equipment; and (5) research material costs involved in our R&D activities, such as the costs for developing basic material for chips and basic supporting services for model training.

We incurred research and development expenses of RMB294.8 million, RMB399.9 million and RMB445.5 million for 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our research and development expenses by nature, both in absolute amount and as a percentage of our total research and development expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Employee benefit expenses	223,995	76.0	270,611	67.7	274,963	61.7
Design service fees	9,211	3.1	47,537	11.9	75,525	17.0
Depreciation and amortization	40,288	13.7	60,211	15.0	65,894	14.8
IT maintenance service fees	3,146	1.1	11,410	2.8	11,409	2.6
Research material costs	10,998	3.7	3,458	0.9	11,402	2.5
Others ⁽¹⁾	7,199	2.4	6,642	1.7	6,270	1.4
Total	294,837	100.0	399,869	100.0	445,463	100.0

(1) Others primarily include rental fees, traveling expenses, office expenses and other miscellaneous expenses incurred for R&D purposes.

Finance Costs

Finance costs consisted of interest expenses on our borrowings and lease liabilities. We incurred finance costs of RMB0.5 million, RMB3.9 million and RMB27.9 million for 2023, 2024 and 2025, respectively.

Income Tax

We recorded income tax credit of RMB0.6 million, RMB4.3 million and RMB2.9 million for 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The following description sets forth a summary of our major income tax exposures in relevant jurisdictions.

PRC

The income tax provision of certain PRC subsidiaries has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

FINANCIAL INFORMATION

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries obtained the HNTE qualification and benefit from a preferential tax rate of 15%.

Certain subsidiaries in the PRC fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, portions of the assessable profits of these subsidiaries were subject to the professional income tax rate of 20% during the Track Record Period.

Hong Kong

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Revenue increased by 46.0% from RMB917.4 million for 2024 to RMB1,339.3 million for 2025, primarily due to the increases in revenue from the consumer- and enterprise-class scenarios, for the reasons discussed below.

- ***Enterprise-class scenario.*** Our revenue from the enterprise-class scenario increased significantly from RMB248.6 million for 2024 to RMB536.1 million for 2025, primarily due to the increased sales of our computing power services and AI inference chips and related products.
- ***Consumer-class scenario.*** Our revenue from the consumer-class scenario increased by 53.8% from RMB405.7 million for 2024 to RMB623.9 million for 2025, primarily due to (1) the acquisition and consolidation of results of operations of D-infuture Tech from April 2024; and (2) the launch of new products for consumer-class scenario from late 2024 and resultant sales growth.
- ***Industry-class scenario.*** Our revenue from the industry-class scenario decreased by 31.3% from RMB253.8 million for 2024 to RMB174.2 million for 2025, as we strategically reduced new project intake in consideration of the overall declining downstream demand primarily driven by a decline in customers’ budget.

Cost of sales

Cost of sales increased by 33.9% from RMB725.3 million for 2024 to RMB971.1 million for 2025, primarily due to (1) the increase in cost of inventories in line with the increased sales of consumer-class scenario products; and (2) the increase in depreciation and amortization in line with the growth of revenue from the enterprise-class scenario, in particular from the computing power services.

Gross profit

Gross profit increased by 91.7% from RMB192.1 million for 2024 to RMB368.2 million for 2025, primarily driven by the increases in revenue from the enterprise- and consumer-class scenarios for the reasons discussed below. Gross profit margin increased from 20.9% for 2024 to 27.5% for 2025, primarily driven by the enhanced gross profit margin of the enterprise-class scenario for the reasons discussed below.

- ***Enterprise-class scenario.*** Our gross profit from the enterprise-class scenario increased significantly from RMB99.9 million for 2024 to RMB257.1 million for 2025, generally in line with the increase in revenue from the enterprise-class scenario for the reasons discussed

FINANCIAL INFORMATION

above, along with an increase in gross profit margin of the same from 40.2% for 2024 to 48.0% for 2025, as we secured premium contracts with certain new customers for our computing power services.

- **Consumer-class scenario.** Our gross profit from the consumer-class scenario increased by 60.4% from RMB45.4 million for 2024 to RMB85.6 million for 2025, primarily driven by the increase in revenue for the reasons discussed above. Our gross profit margin of the same remained relatively stable at 11.2% and 13.7% for 2024 and 2025, respectively.
- **Industry-class scenario.** Our gross profit from the industry-class scenario decreased by 40.9% from RMB39.1 million for 2024 to RMB23.1 million for 2025, primarily driven by the decrease in revenue for the reasons discussed above. Our gross profit margin of the same remained relatively stable at 15.4% for 2024 and 13.3% for 2025, respectively.

Other income

Other income increased by 29.9% from RMB112.9 million for 2024 to RMB146.6 million for 2025, primarily due to the increase in government grants from RMB97.9 million for 2024 to RMB140.2 million for 2025, mainly as a result of the increase in certain government grants amortized to profit or loss and new government grants received, partially offset by a decrease in interest income from RMB10.9 million in 2024 to RMB4.0 million in 2025, primarily due to the disposal of certain interest-bearing wealth management products.

Other gains and losses, net

Other gains and losses, net decreased by 35.5% from RMB33.0 million for 2024 to RMB21.3 million for 2025, primarily due to the decrease in the fair value gain on financial assets at FVTPL from RMB33.6 million for 2024 to RMB20.5 million for 2025, mainly attributable to the fluctuations of the balances and interest rates of underlying wealth management products and structured deposits over the relevant periods.

Provision for impairment losses under ECL model, net

Provision for impairment losses under ECL model, net decreased by 6.1% from RMB61.3 million for 2024 to RMB57.5 million for 2025, primarily due to the fluctuations of the age profile of our trade receivables (short-term and long-term) and corresponding ECL rates.

Selling and distribution expenses

Selling and distribution expenses decreased by 6.9% from RMB176.3 million for 2024 to RMB164.2 million for 2025, primarily due to (1) the decrease in employee benefit expenses, as we streamlined our team structure to enhance operating efficiency; and (2) the decrease in business development expenses, mainly driven by the narrowing marketing efforts for our enterprise-class business segment; partially offset by the increase in marketing and promotion expenses, mainly driven by the increased efforts to promote our consumer-class scenario products.

Administrative expenses

Administrative expenses decreased by 16.0% from RMB260.8 million for 2024 to RMB219.1 million for 2025, primarily due to the decrease in employee benefit expenses, mainly driven by the effect of team streamlining; partially offset by the increase in depreciation and amortization, primarily driven by the depreciation of such servers that were not generating computing power services revenue or deployed in R&D activities.

FINANCIAL INFORMATION

Research and development expenses

Research and development expenses increased by 11.4% from RMB399.9 million for 2024 to RMB445.5 million for 2025, primarily due to the increase in design service fees, mainly driven by the progress of our chip development activities.

Finance costs

Finance costs increased significantly from RMB3.9 million for 2024 to RMB27.9 million for 2025, primarily due to the increase in interest expenses on borrowings, mainly driven by the increase in underlying borrowings over the same periods.

Income tax credit

We recorded income tax credit of RMB4.3 million and RMB2.9 million for 2024 and 2025, respectively, primarily due to loss before tax position.

Loss for the period

As a result of the foregoing, our loss for the period decreased by 28.0% from RMB572.2 million for 2024 to RMB411.8 million for 2025.

Year ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Revenue increased by 81.3% from RMB506.0 million for 2023 to RMB917.4 million for 2024, primarily due to the increases in revenue from the consumer- and enterprise-class scenarios, for the reasons discussed below.

- ***Enterprise-class scenario.*** Our revenue from the enterprise-class scenario increased significantly from RMB31.1 million for 2023 to RMB248.6 million for 2024, primarily due to the increased sales of our computing power services.
- ***Consumer-class scenario.*** Our revenue from the consumer-class scenario increased from nil for 2023 to RMB405.7 million for 2024, as we expanded our business into consumer-class scenarios through the acquisition of D-infuture Tech in April 2024.
- ***Industry-class scenario.*** Our revenue from the industry-class scenario decreased by 45.9% from RMB469.1 million for 2023 to RMB253.8 million for 2024, as we strategically reduced new project intake in consideration of the overall declining downstream demand primarily driven by a decline in customers’ budget.

Cost of sales

Cost of sales increased by 87.3% from RMB387.2 million for 2023 to RMB725.3 million for 2024, primarily due to (1) the increase in cost of inventories in line with the increased sales of consumer-class scenario products; and (2) the increase in depreciation and amortization in line with the growth of revenue from enterprise-class scenario, in particular from computing power services.

FINANCIAL INFORMATION

Gross profit

Gross profit increased by 61.7% from RMB118.8 million for 2023 to RMB192.1 million for 2024, primarily driven by the increases in revenue from the enterprise- and consumer-class scenarios for the reasons discussed above. Gross profit margin decreased from 23.5% for 2023 to 20.9% for 2024, primarily due to the lower gross profit margin of the acquired consumer-class business of D-infuture Tech, compared with our other existing business lines.

- **Enterprise-class scenario.** Our gross profit from the enterprise-class scenario increased significantly from RMB23.6 million for 2023 to RMB99.9 million for 2024, primarily due to the increase in revenue for the reasons discussed above. The gross profit margin of the enterprise-class scenario decreased from 76.0% for 2023 to 40.2% for 2024, primarily due to the shift in our offering mix with the increased revenue contribution of computing power services, coupled with the decreased revenue contribution from IP licensing fees, which had a high profit margin. The profit margin profile of our computing power services and IP licensing fees was different, due to the different underlying cost structure, where computing power services typically include costs for depreciation.
- **Consumer-class scenario.** We began to recognize revenue from the consumer-class scenario from April 2024. We recorded gross profit of RMB45.4 million, representing a gross profit margin of 11.2% for 2024.
- **Industry-class scenario.** Our gross profit from the industry-class scenario decreased by 56.5% from RMB90.0 million for 2023 to RMB39.1 million for 2024, along with a decrease in the gross profit margin of the same from 19.2% for 2023 to 15.4% for 2024, mainly due to the impact of overall declining downstream demand primarily driven by customer fiscal planning shifts.

Other income

Other income increased by 28.6% from RMB87.8 million for 2023 to RMB112.9 million for 2024, primarily due to the increase in government grants from RMB74.3 million for 2023 to RMB97.9 million for 2024, mainly as a result of the increase in certain government grants amortized to profit or loss and new government grants received.

Other gains and losses, net

Other gains and losses, net decreased by 20.5% from RMB41.5 million for 2023 to RMB33.0 million for 2024, primarily due to the decrease in fair value gain on financial assets at FVTPL from RMB41.7 million for 2023 to RMB33.6 million for 2024, mainly attributable to the fluctuations of the balances of underlying wealth management products and structured deposits over the relevant periods.

Provision for impairment losses under ECL model, net

Provision for impairment losses under ECL model, net increased significantly from RMB25.0 million for 2023 to RMB61.3 million for 2024, mainly due to the increase in provision, as a result of the prolonged payment cycle of certain trade receivables.

Write-down of inventories

Impairment of losses of inventories increased significantly from RMB3.7 million for 2023 to RMB12.4 million for 2024, primarily due to the increase of the gross amount of our inventories in 2024.

FINANCIAL INFORMATION

Selling and distribution expenses

Selling and distribution expenses increased by 73.6% from RMB101.6 million for 2023 to RMB176.3 million for 2024, primarily due to (1) the increase in employee benefit expenses, mainly driven by the increase in the headcount of our sales and marketing personnel, as well as the increase in share-based payment expenses for our sales and marketing personnel according to the vesting schedule of the restricted A-Share incentives; (2) the increase in marketing and promotion expenses, mainly driven by our increased sales and marketing efforts; and (3) the increase in business development expenses, driven by the expansion of our enterprise-class scenario businesses.

Administrative expenses

Administrative expenses increased by 25.8% from RMB207.2 million for 2023 to RMB260.8 million for 2024, primarily due to (1) the increase in employee benefit expenses, mainly due to the increase in share-based payment expenses for administrative personnel according to the vesting schedule of the restricted A-Share incentives, as well as the increase in termination compensation incurred; and (2) the increase in administrative activity expenses due to our operational needs.

Research and development expenses

Research and development expenses increased by 35.6% from RMB294.8 million for 2023 to RMB399.9 million for 2024, primarily due to (1) the increase in employee benefit expenses, mainly due to the increase in share-based payment expenses for our R&D personnel according to the vesting schedule of the restricted A-Share incentives; (2) the increase in depreciation and amortization, mainly driven by the balance of underlying machinery and equipment (see “—Discussion of Major Balance Sheet Items—Property, Plant and Equipment” for details); (3) the increase in design service fees, as we further invested into chip design initiatives; and (4) the increase in IT maintenance service fees to maintain our facilities and equipment.

Finance costs

Finance costs increased significantly from RMB0.5 million for 2023 to RMB3.9 million for 2024, primarily due to the increase in interest expenses on borrowings, driven by the increase in underlying borrowings over the same periods.

Income tax credit

We recorded income tax credit of RMB0.6 million and RMB4.3 million for 2023 and 2024, primarily due to our greater loss before income tax in 2024, as well as the impact of deductible share-based payment expenses and additional deduction on research and development expenses in 2024.

Loss for the year

As a result of the foregoing, our loss for the year increased by 49.0% from RMB384.1 million for 2023 to RMB572.2 million for 2024.

FINANCIAL INFORMATION

DISCUSSION OF MAJOR BALANCE SHEET ITEMS

The following table sets forth summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	324,585	1,559,681	1,280,404
Right-of-use assets	36,343	27,625	31,671
Goodwill	—	20,367	20,367
Intangible assets	2,408	35,417	26,868
Financial assets at FVTOCI	67,000	145,248	197,776
Trade and bills receivables	144,431	73,761	45,953
Interest in associates	—	16,714	24,554
Prepayments, deposits and other receivables	93,333	42,463	17,782
Deferred tax assets	6,428	13,031	11,542
Total non-current assets	674,528	1,934,307	1,656,917
Total current assets	4,179,055	2,984,189	3,823,638
Total current liabilities	418,768	787,412	1,152,463
Net current assets	3,760,287	2,196,777	2,671,175
Total assets less current liabilities	4,434,815	4,131,084	4,328,092
Non-current liabilities			
Borrowings	—	85,749	320,236
Deferred income	27,763	75,943	176,183
Lease liabilities	22,856	14,183	17,837
Deferred tax liabilities	5,578	9,256	8,386
Total non-current liabilities	56,197	185,131	522,642
Net assets	4,378,618	3,945,953	3,805,450
Equity			
Share capital	355,134	355,134	358,827
Reserves	4,025,191	3,581,536	3,426,972
Non-controlling interest	(1,707)	9,283	19,651
Total equity	4,378,618	3,945,953	3,805,450

FINANCIAL INFORMATION

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	March 1, 2026
	(RMB in thousands)			(Unaudited)
Current assets				
Non-current assets classified as held for sale	—	—	24,779	—
Inventories	135,908	249,410	285,936	317,831
Trade and bills receivables	489,401	741,320	682,558	655,177
Contract assets	11,733	9,945	8,337	9,384
Financial assets at FVTPL	2,635,574	701,005	882,604	771,426
Financial assets at FVTOCI	910	12,843	7,657	12,944
Prepayments, deposits and other receivables	98,898	315,739	316,735	298,511
Amounts due from related companies . .	2,085	27,186	12,630	12,630
Income tax recoverable	2	2	95	2
Time deposit	250,000	—	80,293	80,468
Restricted bank deposits	30,933	17,802	20,048	130,780
Cash and cash equivalents	523,611	908,937	1,501,966	1,504,323
Total current assets	4,179,055	2,984,189	3,823,638	3,793,476
Current liabilities				
Trade and bills payables	246,183	465,309	413,014	452,173
Other payables and accruals	113,727	170,347	147,704	148,071
Contract liabilities	44,888	63,748	72,182	86,097
Lease liabilities	13,817	15,159	15,926	13,813
Borrowings	—	72,551	503,410	503,703
Tax payable	153	298	227	105
Total current liabilities	418,768	787,412	1,152,463	1,203,962
Net current assets	3,760,287	2,196,777	2,671,175	2,589,514

Net current assets decreased from RMB3,760.3 million as of December 31, 2023 to RMB2,196.8 million as of December 31, 2024, primarily due to (1) the decrease in financial assets at FVTPL due to our redemption of relevant wealth management products and structured deposits, as well as the decrease in time deposit; and (2) the increases in certain current liability items, mainly including (i) the increase in trade and bills payables; (ii) the increase in the current portion of our borrowings to meet the needs of our expanding operations; and (iii) the increase in other payables and accruals. Net current assets then increased to RMB2,671.2 million as December 31, 2025, primarily due to the increases in cash and cash equivalents driven by improved operating cash flow, as well as the increase in financial assets at FVTPL, partially offset by the increase in current portion of borrowings. Net current assets then decreased slightly to RMB2,589.5 million as of March 1, 2026, primarily due to the decrease in financial assets at FVTPL.

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment during the Track Record Period primarily consisted of (1) machinery and equipment, which primarily comprised computing power servers, (2) electronic devices used in our R&D activities; (3) office equipment and others, (4) leasehold improvement, and (5) transportation equipment. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
Machinery and equipment	274,134	1,501,247	1,165,442
Electronic devices.	39,533	49,679	106,615
Office equipment and others	6,370	5,966	6,147
Leasehold improvement	3,532	1,562	1,514
Transportation equipment	1,016	1,227	686
Total	324,585	1,559,681	1,280,404

Property, plant and equipment increased from RMB324.6 million as of December 31, 2023 to RMB1,559.7 million as of December 31, 2024, primarily due to (1) an addition to machinery and equipment of RMB1,318.4 million, which primarily represented the procurement of computing power servers; and (2) an addition to electronic devices of RMB36.8 million, partially offset by the depreciation of our property, plant and equipment.

Property, plant and equipment then decreased to RMB1,280.4 million as of December 31, 2025, primarily due to the depreciation and transfer to non-current assets classified as held for sale of our property, plant and equipment, in particular machinery and equipment. For details, see “—Key Components of our Results of Operations—Impairment Loss on Non-current Assets Classified as Held for Sale”

Right-of-use Assets

Our right-of-use assets during the Track Record Period primarily consisted of our interests in leased properties. Right-of-use assets decreased from RMB36.3 million as of December 31, 2023 to RMB27.6 million as of December 31, 2024, primarily due to the amortization of right-of-use assets. Right-of-use assets then increased to RMB31.7 million as of December 31, 2025, primarily due to the additions of new leased premises in Chengdu and Shanghai.

Goodwill

We recorded goodwill of RMB20.4 million as of both December 31, 2024 and 2025, respectively. Our goodwill as of these dates primarily arose from our acquisition of the equity interests of D-infuture Tech. In March 2024, we entered into a stock acquisition agreement with D-infuture Tech and certain other parties thereto, pursuant to which we shall acquire 100% of the equity interests in D-infuture Tech for a total consideration of RMB180.0 million through three installments. We completed the first step of the acquisition in April 2024 at a cash consideration of RMB60.0 million, which resulted in a goodwill of RMB20.4 million that represented the difference of such cash consideration and the value of identifiable net assets of D-infuture Tech acquired at the acquisition date of RMB39.6 million.

For the purpose of impairment testing, goodwill acquired through business combination is allocated to D-infuture Tech (“D-infuture Tech CGU”), which constituted a CGU. In addition to goodwill, property, plant and equipment, right-of-use assets and other intangible assets that generate

FINANCIAL INFORMATION

cash flows together with the related goodwill are included in the D-infuture Tech CGU for the purpose of impairment assessment. As at December 31, 2024 and 2025, the carrying amount of the D-infuture Tech CGU amounted to RMB86.2 million and RMB135.9 million, respectively.

We engaged an independent qualified professional valuer to assist the preparation of the goodwill impairment testing. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management, covering a five-year period as the key assumptions to the value in use.

	As of December 31,			Valuation technique	Significant unobservable input	As of December 31,		Sensitivity relationship to unobservable input to fair value
	2023	2024	2025			2024	2025	
	(RMB in thousands)							
Goodwill	N/A	20,367	20,367	Income approach	Average revenue growth rate	5.50%	2.58%	The higher the growth rate, the higher the value in use
					Perpetual revenue growth rate	0.00%	0.00%	The higher the growth rate, the higher the value in use
					Pre-tax discount rate	9.01%	9.29%	The higher the discount rate, the lower the value in use

The headroom of the recoverable amounts over the carrying amount of the D-infuture Tech as at December 31, 2024 and 2025 are RMB77.3 million and RMB61.4 million, respectively. As the recoverable amounts as of December 31, 2024 and 2025 are significantly above the carrying amount of D-infuture Tech CGU, our management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Our management have performed sensitivity analysis on the impairment test of D-infuture Tech. The following table sets forth the hypothetical changes to the percentage points of average annual growth rate of revenue, perpetual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2024 and 2025:

	As of December 31	
	2024	2025
Average revenue growth rate	-2.03%	-3.43%
Perpetual revenue growth rate	-5.97%	-1.48%
Pre-tax discount rate	3.98%	1.12%

Intangible Assets

Our intangible assets during the Track Record Period primarily consisted of (1) software; and (2) copyright, patent and trademark arising from the acquisition of D-infuture Tech. Our intangible assets increased from RMB2.4 million as of December 31, 2023 to RMB35.4 million as of December 31, 2024, primarily due to an addition to copyright, patent and trademark of RMB39.5 million in connection with the acquisition of D-infuture Tech, partially offset by amortization. Our intangible assets decreased to RMB26.9 million as of December 31, 2025, primarily due to amortization.

FINANCIAL INFORMATION

Financial Assets at FVTOCI

Our financial assets at FVTOCI during the Track Record Period consisted of (1) unlisted equity instruments at FVTOCI, which primarily represented multiple strategic investments into technology companies and other ventures; and (2) bills receivables measured at FVTOCI. We accounted for such equity investments at FVTOCI as these investments were strategic in nature. We accounted for such bills receivables as financial assets at FVTOCI (as opposed to at amortized cost) pursuant to relevant guidance in the PRC, as these instruments have low credit risks. The following table sets forth our financial assets at FVTOCI as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current			
Unlisted equity instruments at FVTOCI	67,000	145,248	197,776
Current			
Bills receivables measured at FVTOCI.	910	12,843	7,657
Total	67,910	158,091	205,433

Our financial assets at FVTOCI increased from RMB67.9 million as of December 31, 2023 to RMB158.1 million as of December 31, 2024, primarily due to (1) further increases in equity investments, mainly attributable to our investments into Shanghai Quqingruxu Venture Capital Partnership (Limited Partnership) (上海渠清如許創業投資合夥企業(有限合夥)) (“Shanghai Quqingruxu”) and ShargeTech (Shenzhen) Co., Ltd. (閃極科技(深圳)有限公司); and (2) the increase in bills receivables at FVTOCI in the ordinary course of our sales operations. Our financial assets at FVTOCI further increased to RMB205.4 million as of December 31, 2025, primarily due to the increase in the balance of unlisted equity instruments at FVTOCI, as a result of (1) the fair value enhancements of certain investees; and (2) our further capital injection to Shanghai Quqingruxu.

We recorded fair value loss on equity investments at FVTOCI, net of tax, of nil and RMB12.7 million and fair value gain of RMB38.0 million in 2023, 2024 and 2025, respectively. Such fair value change in 2024 and 2025 was primarily due to the valuation adjustment of certain equity investments. The fair value measurements of certain of our unlisted equity investments at FVTOCI involve using significant unobservable inputs under level 3 of the fair value hierarchy. For details of the fair value measurement, see Note 43 to the Accountants’ Report in Appendix I to this document. For details of our financial assets at FVTOCI, see Note 21 to the Accountants’ Report in Appendix I to this document.

Our strategic investments in the form of financial assets at FVTOCI after the [REDACTED] will be subject to compliance with Chapter 14 of the Listing Rules.

FINANCIAL INFORMATION

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current			
Long-term trade receivables	164,600	103,454	94,083
Less: ECL allowance	(20,169)	(29,693)	(48,130)
Subtotal of non-current	144,431	73,761	45,953
Current			
Trade receivables	551,215	838,891	806,114
Less: ECL allowance	(62,079)	(101,379)	(126,513)
Trade receivables, net	489,136	737,512	679,601
Bills receivables	279	3,898	2,957
Less: ECL allowance	(14)	(90)	—
Bills receivables, net	265	3,808	2,957
Subtotal of current	489,401	741,320	682,558
Total	633,832	815,081	728,511

Trade and bills receivables increased from RMB633.8 million as of December 31, 2023 to RMB815.1 million as of December 31, 2024, primarily due to the increase in the current portion of trade receivables, primarily driven by the acquisition of D-infuture Tech and the consolidation of its trade receivables. Trade and bills receivables then decreased to RMB728.5 million as of December 31, 2025, primarily due to the collection of certain trade receivables.

During the Track Record Period, we typically granted credit period to customers ranging from 30 days to two years. According to CIC, such credit period granted to customers is generally in line with the industry norm. The following table sets forth an aging analysis of our trade receivables, based on date of revenue recognition and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0–90 days	323,976	383,271	342,317
91–180 days	63,347	28,886	53,167
181–270 days	44,959	43,839	54,146
271–360 days	9,175	43,343	13,743
1 to 2 years	122,440	214,997	156,753
Over 2 years	69,670	96,937	105,428
Total	633,567	811,273	725,554

We applied a simplified approach in calculating ECL for trade receivables and recognize a loss allowance based on lifetime ECL at the end of each year/period. In calculating the ECL, we have established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. As of December 31, 2023, 2024 and 2025, the amount of ECL allowance recognized was RMB82.2

FINANCIAL INFORMATION

million, RMB131.1 million and RMB174.6 million, respectively. For details of the impairment provision of our trade receivables and the credit risk exposure of our trade receivables, see Note 24 and 44 to the Accountants’ Report in Appendix I to this document.

We have implemented measures to enhance the collection and management of our trade receivables and improve our cash conversion cycle. We perform enhanced diligence procedures at the customer intake stage to limit our risk exposure to potential customer with unsatisfactory credit profile. With respect to collections, our sales personnel work together with our business department and legal department to strengthen our collection activities. Our business department specialists are responsible for breaking down project trade receivables according to contractually agreed payment schedules, reminding the sales department in advance to timely initiate collection when payment milestones are reached, and regularly flagging overdue payments to responsible sales personnel through task reminders to prompt collection follow-up. Additionally, we have aligned the performance-based compensation of relevant sales personnel to actual payment collection progress. Furthermore, our business department regularly circulates sales reports summarizing payment status, with separate notifications regularly issued to project managers for severely delinquent cases. Our sales personnel will first contact customers with payment notices and issue formal payment reminder letter if the customer is unresponsive. We will also escalate the issue to legal demand letter and other legal procedures in severe cases where we deem appropriate. We have also adopted more selective approach to our industry-class scenario business, focusing on projects with better payment cycle. As a result of the foregoing, we have improved the collection of our trade receivables in 2025.

The following table sets forth the number of our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	415	287	209

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables, net of allowance for credit losses, for the relevant period, divided by the revenue for the same period, and multiplied by the number of days for that period (365 days for a given year).

Our trade receivables turnover days decreased from 415 days in 2023 to 287 days for 2024, primarily due to the development of our consumer-class scenario business and its shorter settlement cycle as compared with other scenarios, driven by the acquisition of D-infuture Tech. Our trade receivables turnover days further decreased to 209 days in 2025, driven by (1) the further development of our consumer-class scenario business and its shorter settlement cycle as compared with other scenarios; and (2) our enhanced management of existing trade receivables, as discussed above.

As of March 1, 2026, approximately RMB247.4 million, or 34.1%, of our trade receivables as of December 31, 2025 had been settled.

Our management considers that sufficient provision has been made for our trade receivables, based on the following reasons. Most of our trade receivables aged over one year were due from state-owned enterprise customers, which are sizable and reputable companies. Historical records show that these entities have consistently made payments, with no instances of bad debts. The extended aging profile is aligned with the timelines of long-term projects and milestone-based billing arrangements typical of such customers. Our management has reviewed the credit history of these customers, subsequent information available, and applied an ECL model under HKFRS 9. Progressive provision rates are applied to receivables with longer aging profiles, with higher percentages assigned to balances with extended aging periods. Based on this assessment, our management considers that sufficient provision has been made in accordance with the ECL requirements. The low level of subsequent utilization and settlement is consistent with the timing of revenue recognition and cash collection in milestone-driven projects. There is no indication of material impairment or recoverability issues beyond those already provided for.

FINANCIAL INFORMATION

Interest in Associates

We recorded interest in associates of RMB16.7 million and RMB24.6 million as of December 31, 2024 and 2025, respectively. Our interest in an associate as of December 31, 2024 primarily represented our interest in Sichuan Tianfu Intelligent Computing Technology Co., Ltd. (四川天府智算科技有限公司) (“Tianfu Intelligent Computing”). We made a cash capital contribution of RMB20.0 million in July 2024 for 20% of equity interests and had significant influence over Tianfu Intelligent Computing. Our interest in associates as of December 31, 2025 primarily represented our interest in Tianfu Intelligent Computing and Suining Yunsu Technology Co., Ltd. (遂寧雲速科技有限公司) (“Suining Yunsu”). We made a cash capital contribution of RMB6.5 million in September 2025 for 10% of equity interests and had significant influence over Suining Yunsu. We recorded share of profit of associate of RMB37,000 and RMB1.3 million in 2024 and 2025, respectively.

For details of our interest in associates, including our interests in and share of net assets and results of the associates, see Note 19 to the Accountants’ Report in Appendix I to this document. For details of our internal procedures and policies for investments, see “—Discussion of Major Balance Sheet Items—Financial Assets at FVTPL—Our investment policies.”

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consisted of (1) prepayments, which mainly represented our prepayments to suppliers for purchases of property, plant and equipment and inventories; (2) other tax receivables, which mainly represented prepaid tax and surcharges; and (3) deposits and other receivables, including guarantee deposits for undertaking certain projects. The following table sets forth the breakdown of our prepayment, deposits and other receivables by nature as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current			
Prepayments	93,333	42,463	17,782
Current			
Other tax receivables	16,243	223,731	225,455
Deposits and other receivables	27,582	69,523	74,476
Prepayments	59,778	43,844	52,476
Less: ECL allowance	(4,705)	(21,359)	(35,672)
Subtotal of current	98,898	315,739	316,735
Total	192,231	358,202	334,517

Prepayments, deposits and other receivables increased from RMB192.2 million as of December 31, 2023 to RMB358.2 million as of December 31, 2024, primarily due to (1) the increase in other tax receivables, mainly due to the input VAT paid to be offset in the future, due to the procurement of machinery and equipment; and (2) the increase in deposits and other receivables, mainly due to the termination of certain procurement, resulting in an accounting adjustment of transfer of prepayments previously recognized to other receivables. Prepayments, deposits and other receivables then decreased to RMB334.5 million as of December 31, 2025, primarily due to the decrease in the non-current portion of prepayments, mainly due to the derecognition of relevant amounts.

As of March 1, 2026, approximately RMB40.0 million, or 12.0% of our prepayments, deposits and other receivables as of December 31, 2025 had been settled.

FINANCIAL INFORMATION

Inventories

Our inventories consisted primarily of (1) finished goods; (2) raw materials; (3) work in progress; and (4) contract fulfilment cost, such as costs incurred as we were undertaking customer projects. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
Finished goods	113,829	171,094	166,663
Raw material	—	—	44,782
Work in progress	2,986	41,560	42,405
Contract fulfilment cost	19,093	36,756	32,086
Total	135,908	249,410	285,936

Inventories increased from RMB135.9 million as of December 31, 2023 to RMB249.4 million as of December 31, 2024, primarily due to (1) the increase in finished goods, driven by the acquisition of D-infuture Tech and consolidation of relevant balances and our procurement for undertaking a major customer contract for the enterprise-class scenario; (2) the increase in contract fulfilment cost in line with the delivery progress of various projects; and (3) the increase in work in progress, mainly by the acquisition of D-infuture Tech. Inventories further increased to RMB285.9 million as of December 31, 2025, in line with the enlarged scale of our business operations.

The following table sets forth the number of our inventory turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	95	97	101

(1) Inventory turnover days were calculated based on the average of opening and closing inventory balance (net of impairment allowances) for the relevant period divided by the cost of sales for the same period, and multiplied by the number of days for that period (365 days for a given year).

Our inventory turnover days remained relatively stable at 95 and 97 days for 2023 and 2024, respectively. Our inventory turnover days increased slightly to 101 days for the 2025, primarily due to the increase in inventories for the reasons discussed above.

As of March 1, 2026, approximately RMB69.3 million, or 24.2%, of the gross amount of our inventories as of December 31, 2025 had been consumed or sold.

Our management considers that sufficient provision has been made for our inventories, based on the following reasons. Our inventories primarily consist of finished goods designated for use in project-based deployments. Many of these projects involve long construction and acceptance cycles. As of the reporting date, certain items had already been delivered to the customer sites but had not yet passed the formal acceptance process. Accordingly, these items continue to be classified as “goods dispatched but not yet accepted.” The limited subsequent utilization is consistent with the nature of such long-term projects. Our management has conducted an impairment assessment and made appropriate write-downs to reflect net realizable value and no further impairment appears necessary at this stage.

FINANCIAL INFORMATION

Contract Assets

Our contract assets primarily arise from the operation and maintenance services that we provide to customers. Contract assets represent our rights to receive considerations when we have unconditional rights to receive payments. Our contract assets decreased from RMB11.7 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, and further to RMB8.3 million as of December 31, 2025, respectively, as the payment conditions were met.

Financial Assets at FVTPL

Our financial assets at FVTPL during the Track Record Period primarily represented our investments in wealth management products and structured deposits managed by several licensed financial institutions in the PRC. Our financial assets at FVTPL amounted to RMB2,635.6 million, RMB701.0 million and RMB882.6 million as of December 31, 2023, 2024 and 2025, respectively, the fluctuations of which were primarily due to purchases of and proceeds from the redemption of underlying products across the relevant periods. For details of our financial assets at FVTPL, see Note 20 to the Accountants’ Report in Appendix I to this document.

Our investment policies

We have established and implemented a treasury management policy. Under this policy, we may utilize a portion of temporarily idle funds for treasury management purposes, provided that such usage does not affect normal business operations or compromise fund security. Based on annual capital requirements while maintaining sufficient liquidity, our finance department proposes treasury management quotas for temporarily idle funds, which are subject to the approval of the Board. To mitigate risks, investments are restricted to high-security, liquid products (including but not limited to structured deposits, term deposits, and certificates of deposit), and shall not be used to invest in equity securities. Within the approved quota and timeframe, our finance department executes treasury management activities in accordance with corporate governance procedures. This includes: (1) selecting qualified product issuers; (2) determining investment amounts; (3) selecting investment products; and (4) executing relevant legal documentation.

Our investment in such wealth management products and structured deposits after the [REDACTED] will be subject to compliance with Chapter 14 of the Listing Rules.

Amounts Due from Related Companies

Our amounts due from related companies increased from RMB2.1 million as of December 31, 2023 to RMB27.2 million as of December 31, 2024, primarily due to the amounts due from our associate, Tianfu Intelligent Computing, which was of trade nature for provision of our products and services. Amounts due from related companies then decreased to RMB12.6 million as of December 31, 2025, primarily due to repayment from Tianfu Intelligent Computing.

Restricted Bank Deposits

We recorded restricted bank deposits during the Track Record Period primarily in connection with guarantee deposits for letter of bank acceptance notes, letters of guarantee, letters of credit and issuance of bills payable. We recorded restricted bank deposits of RMB30.9 million, RMB17.8 million and RMB20.0 million as of December 31, 2023, 2024 and 2025, respectively, due to fluctuations in the ordinary course of our operations and capital needs.

FINANCIAL INFORMATION

Trade and Bills Payables

Our trade and bills payables increased RMB246.2 million as of December 31, 2023 to RMB465.3 million as of December 31, 2024, primarily due to the acquisition of D-infuture Tech and consolidation of its trade payables. Our trade and bills payables then decreased to RMB413.0 million as of December 31, 2025, primarily due to reduced procurement relating to our industry-class scenario, in line with the overall declining downstream demand primarily driven by a decline in customers’ budget.

Our suppliers generally grant us a credit period of 30 days to two years. The following table sets forth an aging analysis of our trade payables, based on the invoice dates, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	199,453	394,441	238,549
Over one year but within two years	16,026	43,230	97,255
Over two years but within three years	19,422	8,185	19,743
Over three years but within four years	10,650	8,666	4,929
Over four years but within five years	309	9,623	5,670
Over five years	—	309	5,143
Total	245,860	464,454	371,289

The following table sets forth the number of our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payable turnover days ⁽¹⁾	233	179	157

(1) Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by the cost of sales for the same period, multiplied by the number of days for that period (365 days for a given year).

Our trade payable turnover days decreased from 233 days in 2023 to 179 days in 2024, primarily caused by the temporary impact of acquisition of D-infuture Tech in 2024 that led to an increase in our business scale and corresponding level of cost of sales, which offset the impact of the increase in trade payables during the same period. Our trade payable turnover days then decreased to 157 days in 2025, for the reasons discussed above.

As of March 1, 2026, approximately RMB95.3 million, or 25.7%, of our trade payables as of December 31, 2025 had been settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals during the Track Record Period primarily consisted of (1) staff cost payables, which represented salaries and bonuses accrued and payable to our employees; (2) accrued expenses; (3) deposits received and other payables; (4) other tax liabilities, which mainly represented tax payable other than enterprise income tax; and (5) dividend payable. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Staff cost payables	90,938	87,432	113,300
Accrued expenses	12,400	39,810	13,640
Deposits received and other payables	3,683	8,085	10,475
Other tax liabilities	6,706	20,375	10,289
Dividend payable	—	14,645	—
Total	113,727	170,347	147,704

Other payables and accruals increased from RMB113.7 million as of December 31, 2023 to RMB170.3 million as of December 31, 2024, primarily due to (1) the increase in accrued expenses representing certain IP licensing fees; (2) the increase in other tax liabilities representing certain value-added tax; and (3) the increase in dividend payable arising from our acquisition of equity interests in D-infuture Tech, pursuant to which certain undistributed profits of D-infuture Tech after the acquisition date shall be distributed to the previous shareholder of D-infuture Tech. Other payables and accruals then decreased to RMB147.7 million as of December 31, 2025, primarily due to the decreases in staff cost payables, other tax liabilities and accrued expenses, as we paid for the relevant amount.

As of March 1, 2026, approximately RMB6.0 million, or 4.1% of our other payables and accruals as of December 31, 2025 had been settled.

Contract Liabilities

Contract liabilities represent our obligation to transfer goods to customers in consideration of payments received or receivable from customers. Our contract liabilities amounted to RMB44.9 million, RMB63.7 million and RMB72.2 million as of December 31, 2023, 2024 and 2025. Such increase of our contract liabilities was primarily due to the payment and delivery progress of certain projects.

As of March 1, 2026, approximately RMB1.3 million, or 1.8% of our contract liabilities as of December 31, 2025 had been recognized as revenue.

Deferred Income

Our deferred income during the Track Record Period primarily consisted of government grants. Deferred income increased from RMB27.8 million as of December 31, 2023 to RMB75.9 million as of December 31, 2024, and further to RMB176.2 million as of December 31, 2025, primarily due to certain new government grants received, partially offset by the amounts released to profit or loss.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and payment for the purchase of property, plant and equipment. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through our existing cash, cash flows from our operations

FINANCIAL INFORMATION

and bank loans, as well as capital raised from our A-Share listing. Going forward, we believe that our liquidity requirements will be satisfied with our existing cash, cash inflows from our operations, available bank facilities, net [REDACTED] from the [REDACTED], and other debt and equity financing from time to time according to our needs. As of March 1, 2026, we had cash and cash equivalents of RMB1,504.3 million and financial assets at FVTPL of RMB771.4 million, respectively. As of March 1, 2026, we had utilized bank facilities of RMB1,291.1 million, and our remaining bank facilities available for use were RMB975.9 million. Taking into account the financial resources available to us, including our cash and cash equivalents, financial assets at FVTPL that are convertible into cash and available bank facilities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

We recorded net cash generated from our operating activities for 2025, compared with net cash used in operating activities for 2023 and 2024. We expect to drive the enhancement of our operating cash flow condition for the year ended December 31, 2025 through the following measures: (1) driving the sales of our enterprise-class scenario services and products, in particular our computing power services and AI inference chips and related products, as well as our consumer-class products, which generally had more robust cash-generating capacity and more efficient cash collection cycle; (2) enhancing our control of corporate spending, such as streamlining our team structure; and (3) optimizing our trade receivable profile, including stricter management of our existing trade receivables.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating cash flows before movements in working capital . . .	(261,581)	(202,111)	182,951
Changes in working capital	(292,006)	(103,085)	79,015
Cash (used in)/generated from operating activities	(553,587)	(305,196)	261,966
Income tax paid	(102)	(182)	(112)
Interest income received	12,678	10,858	3,972
Net cash (used in)/generated from operating activities	(541,011)	(294,520)	265,826
Net cash (used in)/generated from investing activities	(2,862,887)	600,981	(371,391)
Net cash generated financing activities	3,552,277	78,756	698,737
Net increase in cash and cash equivalents	148,379	385,217	593,172
Cash and cash equivalents at beginning of the year	375,167	523,611	908,937
Effects of foreign exchange rate changes	65	109	(143)
Cash and cash equivalents at end of the year	523,611	908,937	1,501,966

Net cash generated from/(used in) operating activities

Net cash generated from operating activities was RMB265.8 million in the year ended December 31, 2025, primarily due to our loss before tax of RMB414.6 million and interest income received of RMB4.0 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB348.4 million, share-based payment expenses of RMB128.7 million, net provisions for impairment losses under ECL model of RMB57.5 million, impairment loss on non-current assets classified as held for sale of RMB25.4 million, fair value change on financial assets at FVTPL of RMB20.5 million, and depreciation of right-of-use assets of RMB14.6 million, and (2) changes in working capital that positively affected our cash flows, primarily including (i) a decrease in trade and other receivables of RMB53.5 million; and (ii) an increase in deferred

FINANCIAL INFORMATION

income of RMB100.2 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including (i) an increase in inventories of RMB49.0 million; and (ii) a decrease in trade payables and other payables of RMB48.0 million.

Net cash used in operating activities was RMB294.5 million in 2024, primarily due to our loss before tax of RMB576.5 million and interest income received of RMB10.9 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB189.5 million, depreciation of property, plant and equipment of RMB128.5 million, net provisions for impairment losses under ECL model of RMB61.3 million, fair value gain on financial assets at FVTPL of RMB33.6 million and depreciation of right-of-use assets of RMB16.6 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and other receivables of RMB412.5 million; and (ii) an increase in inventories of RMB100.1 million; partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade payables and other payables of RMB352.6 million, and an increase in deferred income of RMB48.2 million.

Net cash used in operating activities was RMB541.0 million in 2023, primarily due to our loss before tax of RMB384.7 million and interest income received of RMB12.7 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB86.7 million, depreciation of property, plant and equipment of RMB44.6 million, net provisions for impairment losses under ECL model of RMB25.0 million, fair value gain on financial assets at FVTPL of RMB41.7 million and depreciation of right-of-use assets of RMB15.4 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and other receivables of RMB275.6 million; and (ii) an increase in inventories of RMB72.7 million; partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade payables and other payables of RMB78.9 million.

Net cash generated from/(used in) investing activities

Net cash used in investing activities was RMB371.4 million in 2025, primarily due to purchases of financial assets at FVTPL of RMB6,058.0 million, partially proceeds from disposal of the same of RMB5,898.9 million, representing purchases and redemption of relevant wealth management and structured deposit products; and the purchase of property, plant and equipment of RMB115.9 million.

Net cash generated from investing activities was RMB601.0 million in 2024, primarily due to (1) proceeds from disposal of financial assets at FVTPL of RMB4,629.4 million, partially offset by purchases of the same of RMB2,660.5 million, (2) decrease in investment in time deposits with original maturity over three months of RMB250.0 million, and (3) deposit refund for property, plant and equipment of RMB92.3 million; partially offset by (1) purchases of property, plant and equipment of RMB1,562.5 million in connection with procurement of computing power servers; and (2) acquisition of equity instruments of RMB90.9 million in connection with the increase in our strategic investments (see “—Discussion of Major Balance Sheet Items—Financial Assets at FVTOCI”).

Net cash used in investing activities was RMB2,862.9 million in 2023, primarily due to (1) purchases of financial assets at FVTPL of RMB7,565.9 million, partially offset by proceeds from disposal of the same of RMB5,458.6 million; (2) increase in investment in time deposits with original maturity over three months of RMB250.0 million; (3) acquisition of equity instruments of RMB67.0 million in connection with the increase in our strategic investments (see “—Discussion of Major Balance Sheet Items—Financial Assets at FVTOCI”); and (4) purchases of property, plant and equipment of RMB436.6 million in connection with procurement of computing power servers.

FINANCIAL INFORMATION

Net cash (used in)/generated from financing activities

Net cash generated from financing activities was RMB698.7 million in 2025, primarily due to new bank loans raised of RMB1,122.2 million, partially offset by repayment of bank loans of RMB457.3 million and interest paid of RMB27.4 million.

Net cash generated from financing activities was RMB78.8 million in 2024, primarily due to new bank loans raised of RMB147.2 million, partially offset by (1) repurchases of ordinary shares of RMB39.5 million; and (2) payment of lease liabilities of RMB15.8 million.

Net cash generated from financing activities was RMB3,552.3 million in 2023, primarily due to proceeds from issue of shares of RMB3,602.0 million in connection with the capital raised from the A-Share listing, partially offset by (1) transaction costs for issue of shares of RMB32.3 million in connection with the same; and (2) payment of lease liabilities of RMB17.0 million.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period were primarily related to purchases of property, plant and equipment, and, to a much lesser extent, purchases of intangible assets. The following table sets forth our capital expenditures during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Purchase of property, plant and equipment . . .	436,611	1,562,390	115,917
Purchase of intangible assets	1,970	362	—
Total	438,581	1,562,752	115,917

We funded our capital expenditure requirements during the Track Record Period mainly from a combination of our existing cash, cash flows from our operations and bank loans, as well as capital raised from our A-Share listing. We plan to fund our planned capital expenditure with a combination of existing cash, cash flows from our operations and net [REDACTED] from the [REDACTED], and other debt and equity financing from time to time according to our needs. See “Future Plans and Use of [REDACTED]” for the portion of capital expenditures to be funded by the [REDACTED] from the [REDACTED].

Capital Commitments

The following sets forth a summary of our capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Contracted, but not provided for, net of deposits/investments paid			
- Property, plant and equipment	215,250	—	193
- Investments to be paid	26,256	10,000	150,000

FINANCIAL INFORMATION

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of lease liabilities and borrowings. The following table sets forth the balances of our indebtedness items as of the dates indicated.

	As of December 31,			As of March 1, 2026
	2023	2024	2025	
	(RMB in thousands)			(Unaudited)
Current				
Borrowings	—	72,551	503,410	503,703
Lease liabilities	13,817	15,159	15,926	13,813
Subtotal of current	13,817	87,710	519,336	517,516
Non-current				
Borrowings	—	85,749	320,236	321,625
Lease liabilities	22,856	14,183	17,837	15,093
Subtotal of non-current	22,856	99,932	338,073	336,718
Total	36,673	187,642	857,409	854,234

Borrowings

The following table sets forth the breakdown of our borrowings as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Credit loan	—	108,491	130,069
Guaranteed loan ⁽¹⁾	—	49,743	33,091
Guaranteed, pledged and mortgaged loan ⁽²⁾	—	—	660,486
Pledged loan ⁽³⁾	—	66	—
Total	—	158,300	823,646

(1) As of December 31, 2024 and 2025, RMB42.0 million and nil was guaranteed by one of subsidiaries, respectively, and RMB7.7 million and RMB33.1 million was guaranteed by a non-controlling shareholder of such subsidiary, respectively. We expect that the guarantee provided by the non-controlling shareholder of our subsidiary will be released upon the maturity of the underlying loan. For details, see “Relationship with Our Single Largest Group of Shareholders—Independence from Our Single Largest Group of Shareholders—Financial independence.”

(2) As of December 31, 2025, we had a borrowing of RMB0.7 billion secured by certain items of machinery and equipment with a carrying amount of RMB1.0 billion.

(3) As of December 31, 2024, our pledged loan was secured by the pledge of a motor vehicle. The pledged borrowing has been fully repaid and discharged.

Our borrowings increased significantly from RMB158.3 million as of December 31, 2024 to RMB823.6 million as of December 31, 2025, as we obtained a series of bank loans from multiple banks to meet the needs of our business expansion. As of December 31, 2024 and 2025, our borrowings had effective interest rates ranging from 2.50% to 5.99% and 2.50% to 3.50% per annum, respectively.

FINANCIAL INFORMATION

The following table sets forth the maturity schedule of our borrowings as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	—	72,551	503,410
One year to two years	—	58,427	320,236
Over two years but within five years	—	27,322	—
Total	—	158,300	823,646

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Lease Liabilities

Our lease liabilities were primarily related to our leased properties. We recorded lease liabilities of RMB36.7 million, RMB29.3 million and RMB33.8 million as of December 31, 2023, 2024 and 2025, respectively.

Statement of Indebtedness

Saved as disclosed above, as of March 1, 2026, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

[REDACTED]

We recorded [REDACTED] of RMB[REDACTED] million in connection with the [REDACTED] during the Track Record Period. We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes), including (1) sponsor fees and [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (b) other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million of our [REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin	23.5%	20.9%	27.5%
Current ratio (times) ⁽¹⁾	10.0	3.8	3.3
Quick ratio (times) ⁽²⁾	9.7	3.5	3.1

(1) Current assets divided by current liabilities as of period end.

(2) Current assets less inventories divided by current liabilities as of period end.

Analysis of Key Financial Ratios

Gross profit margin

See “—Period to Period Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current ratio and quick ratio

Our current ratio decreased from 10.0 as of December 31, 2023 to 3.8 as of December 31, 2024, and our quick ratio decreased from 9.7 as of December 31, 2023 to 3.5 as of December 31, 2024, primarily due to (1) the decrease in financial assets at FVTPL due to our redemption of relevant wealth management products and structured deposits, as well as the decrease in time deposit; and (2) the increases in certain current liability items, mainly including (i) the increase in trade and bills payables; (ii) the increase in the current portion of our borrowings to meet the needs of our expanding operations; and (iii) the increase in other payables and accruals. Our current ratio and quick ratio then decreased to 3.3 and 3.1 as of December 31, 2025, respectively, primarily due to the increase in the current portion of our borrowings and trade and bills payables. See “—Discussion of Major Balance Sheet Items” for a discussion of the factors affecting our current assets and current liabilities during the Track Record Period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into certain sales transactions with related parties. For details of our related party transactions, see Note 41 to the Accountants’ Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our principal financial instruments comprise financial assets at FVTPL, trade receivables, cash and cash equivalents, and time deposits and restricted cash, the main purpose of which is to support for our operations. We have various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from our operations.

FINANCIAL INFORMATION

The risks of our financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. Our directors review and agree on policies for managing each of these risks, as summarized below.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

We are exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily United States dollars.

Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. To ensure our currency risk exposure is kept to an acceptable level and seek to minimize the gap between assets and liabilities in the same currency. Foreign exchange risk contracts are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities. For details of our foreign currency risk exposure, including an analysis of our major monetary assets and liabilities exposed to foreign currency risk, see Note 44 to the Accountants’ Report to this document.

Price Risk

We are exposed to equity price risk mainly arising from equity instruments held by us that are classified as financial assets at FVTPL or FVTOCI.

Sensitivity analysis is performed by management to assess the exposure of our financial results to equity price risk of financial assets at FVTPL and FVTOCI at the end of each reporting period. For details of our price risk, see Note 44 to the Accountants’ Report to this document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from borrowings and lease liabilities. Borrowings issued at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively.

We have been monitoring the level of interest rates. The increase in interest rates will increase the interest costs of borrowings at variable rates, which will further impact our performance. To hedge against the variability in the cash flows arising from a change in market interest rates, we may enter into certain interest rate swap contracts to swap variable rates into fixed rates. For details of our interest rate profiles of our variable interest-bearing financial instruments, see Note 44 to the Accountants’ Report to this document.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to us. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities. Our exposure to credit risk arising from cash and cash equivalents and restricted cash and financial assets measured at FVTPL are limited because the counterparties are banks with sound credit ratings, for which we consider to have low credit risk.

FINANCIAL INFORMATION

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortized cost and bills receivables measured at FVTOCI as disclosed in Note 44 to the Accountants’ Report to this document.

Trade receivables and contract assets

We consider the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk we compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. We consider available reasonable and supportive forward-looking information. Especially (1) internal credit rating; (2) external credit rating; (3) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations; (4) actual or expected significant changes in the operating results of the debtors; and (5) significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in our Group and changes in the operating results of the debtors.

We apply the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. For details of our ECL provision, including the expected loss rate, see Note 44 to the Accountants’ Report to this document.

Other receivables, bills receivables at amortized cost and amount due from related companies

For other receivables, bills receivables at amortized cost and amount due from related companies, we assessed their recoverability through both group and individually evaluations based on historical settlement records and experience management.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost included restricted bank deposits and cash and cash equivalents.

Credit risk for restricted bank deposits and cash and cash equivalents is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of such. For details of our financial liabilities by maturity groupings, see Note 44 to the Accountants’ Report to this document.

DIVIDEND POLICY

We did not declare any dividends during the Track Record Period. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make.

Pursuant to our Articles of Association, our Board may propose to declare dividends by cash and/or by stock in the future after taking into account our profitability, capital needs and plans on shareholder returns. We may declare cash dividends provided that, among others, our distributable profits of the relevant fiscal year and our accumulated distributable profits are positive, and that we do not have significant investment plans or cash expenditures as defined in our Articles of Association.

FINANCIAL INFORMATION

Based on the aforementioned regulatory requirement, as advised by our PRC Legal Advisor, we cannot pay dividend in view of our accumulated losses. If the conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 10% of the distributable profits generated in the relevant fiscal year. Our Board shall also propose customized cash dividend policies based on the industry characteristic, business model, the development stage of our businesses, profitability and capital expenditure plans. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have any distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since December 31, 2025, being the end date of the period reported in Appendix I to this document, and that there has been no event since December 31, 2025 which would materially affect the information in the Accountants’ Report set out in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details.

FINANCIAL INFORMATION OF D-INFUTURE TECH

On March 22, 2024, our Company entered into the Share Purchase Agreement with D-infuture Tech, Ms. Wang Qian and certain other parties thereto, pursuant to which our Company agreed to purchase from Ms. Wang Qian 100% equity interest in D-infuture Tech at a consideration of RMB180 million, subject to certain price adjustment mechanism. The acquisition of D-infuture Tech aims to leverage China’s rapidly growing AI market by combining our proprietary AI algorithms and chip technologies with D-infuture Tech’s expertise in wearable IoT devices. As of the Latest Practicable Date, the First Phase Acquisition was properly and legally completed and settled, and all applicable regulatory approvals with respect to the First Phase Acquisition have been obtained. Upon completion of the First Phase Acquisition, D-infuture Tech was owned as to 51% by our Company. For details, see “History, Development and Corporate Structure—Major Acquisitions and Disposals—Acquisition of D-infuture Tech.”

Set out below is certain pre-acquisition financial information of D-infuture Tech from January 1, 2023 to March 31, 2024. The financial information of D-infuture Tech was consolidated in our Group’s financial information from April 2024.

FINANCIAL INFORMATION

Description of Major Components of D-infuture Tech’s Results of Operations

The following table summarizes the statement of comprehensive income of D-infuture Tech for the periods indicated.

	Year ended December 31, 2023	Three months ended March 31, 2024
	(RMB in thousands)	
Revenue	284,415	75,043
Cost of sales	(242,987)	(63,701)
Gross profit	41,428	11,342
Other income	1,860	64
Other gains and losses, net	259	(255)
(Provision for)/reversal of impairment losses under expected credit loss model, net	268	245
Write-down of inventories	(606)	(792)
Selling and distribution expenses	(3,560)	(967)
Administrative expenses	(18,729)	(4,306)
Research and development expenses	(19,063)	(4,967)
Finance costs	(582)	(138)
Profit before income tax	1,275	226
Income tax credit	2,397	644
Total comprehensive income for the year/period	3,672	870

Revenue

Revenue of D-infuture Tech was primarily related to sales of smart wearables. We recorded revenue of RMB284.4 million in 2023 and RMB75.0 million for the three months ended March 31, 2024.

Cost of sales

Cost of sales of D-infuture Tech primarily consists of cost of inventories. We recorded cost of sales of RMB243.0 million in 2023 and RMB63.7 million for the three months ended March 31, 2024.

Gross profit

We recorded gross profit of RMB41.4 million in 2023 and RMB11.3 million for the three months ended March 31, 2024, representing a gross profit margin of 14.6% and 15.1% for the same periods, respectively.

Our acquisition of D-infuture Tech was primarily based on our strategic planning to enter the consumer market, which was also in line with the prevailing industry trend of AI companies acquiring smart hardware companies since early 2023. We consider D-infuture Tech as a suitable target, as we can leverage its expertise in smart devices to combine with our proprietary AI algorithms and chip technologies, as well as their customer base and sales channels. For details of our rationale for the acquisition of D-infuture Tech, see “—History, Development and Corporate Structure—Major Acquisitions and Disposals—Acquisition of D-infuture Tech—Reasons for and Benefits of the Acquisition of D-infuture Tech.”

FINANCIAL INFORMATION

Selling and distribution expenses

We recorded selling and distribution expenses of RMB3.6 million in 2023 and RMB1.0 million for the three months ended March 31, 2024.

Administrative expenses

We recorded administrative expenses of RMB18.7 million in 2023 and RMB4.3 million for the three months ended March 31, 2024.

Research and development expenses

We recorded research and development expenses of RMB19.1 million in 2023 and RMB5.0 million for the three months ended March 31, 2024.

Income tax credit

We recorded income tax credit of RMB2.4 million in 2023 and RMB0.6 million for the three months ended March 31, 2024.

Profit for the year/period

As a result of the foregoing, we recorded net profit of RMB3.7 million in 2023 and RMB0.9 million for the three months ended March 31, 2024.

FINANCIAL INFORMATION

Discussion of Major Balance Sheet Items of D-infuture Tech

The following table sets forth selected information from D-infuture Tech’s summary consolidated statements of financial position as of the dates indicated.

	As of December 31, 2023	As of March 31, 2024
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	4,002	3,806
Right-of-use assets	732	490
Intangible assets	25	19
Deferred tax assets	3,861	4,469
Total non-current assets	8,620	8,784
Current assets		
Inventories	19,079	23,752
Trade and bills receivables	93,767	92,161
Financial assets at FVTPL	9,964	716
Prepayments, deposits and other receivables	6,023	4,662
Cash and cash equivalents	6,077	23,436
Total current assets	134,910	144,727
Current liabilities		
Trade and bills payables	92,764	100,321
Other payables and accrual	10,546	25,310
Contract liabilities	6	6
Lease liabilities	499	716
Borrowings	13,542	19,998
Total current liabilities	117,357	146,351
Net current assets	17,553	(1,624)
Total assets less current liabilities	26,173	7,160
Non-current liabilities		
Borrowings	48	17
Lease liabilities	421	—
Deferred tax liabilities	110	74
Total non-current liabilities	579	91
Net assets	25,594	7,069
EQUITY		
Share capital	4,030	4,030
Reserves	21,564	3,039
Total equity	25,594	7,069

Property, plant and equipment

Property, plant and equipment of D-infuture Tech primarily consisted of electronic devices, motor vehicles and office equipment. Property, plant and equipment of D-infuture Tech decreased from RMB4.0 million as of December 31, 2023 to RMB3.8 million as of March 31, 2024, primarily due to depreciation.

Inventories

Inventories of D-infuture Tech primarily consisted of work in progress inventories. Inventories of D-infuture Tech increased from RMB19.1 million as of December 31, 2023 to RMB23.8 million as of March 31, 2024, generally in line with its expanded business scale and sales growth.

FINANCIAL INFORMATION

Trade and bills receivables

Trade and bills receivables of D-infuture Tech amounted to RMB93.8 million and RMB92.2 million as of December 31, 2023 and March 31, 2024, respectively. The following table sets forth details of its trade and bills receivables as of the dates indicated.

	As of December 31, 2023	As of March 31, 2024
	(RMB in thousands)	
Trade receivables	98,674	97,011
Less: ECL allowance	(4,957)	(4,850)
Trade receivables, net	93,717	92,161
Bills receivables	50	—
Less: ECL allowance	—	—
Bills receivables, net	50	—
Total	93,767	92,161

Financial assets at FVTPL

Financial assets at FVTPL of D-infuture Tech primarily consisted of wealth management products and structured deposits, and, to a much lesser extent, listed equity instruments at fair value. Financial assets at FVTPL of D-infuture Tech decreased from RMB10.0 million as of December 31, 2023 to RMB0.7 million as of March 31, 2024, primarily due to redemption of wealth management products and structured deposits.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables of D-infuture Tech amounted to RMB6.0 million and RMB4.7 million as of December 31, 2023 and March 31, 2024, respectively. The following table sets forth details of its prepayments, deposits and other receivables as of the dates indicated.

	As of December 31, 2023	As of March 31, 2024
	(RMB in thousands)	
Prepayments ⁽¹⁾	969	79
Deposits and other receivables	3,717	1,975
Other tax receivables ⁽²⁾	1,638	2,770
Less: ECL allowance	(301)	(162)
Total	6,023	4,662

(1) These represent advance payments for purchase of inventories.

(2) The amounts represent prepaid tax and surcharges levied.

Cash and cash equivalents

Cash and cash equivalent of D-infuture Tech increased from RMB6.1 million as of December 31, 2023 to RMB23.4 million as of March 31, 2024, primarily due to the joint impact of its operating cash flows, redemption of wealth management products and structured deposits, and incurrence of new borrowings.

Trade and bills payables

Trade and bills payables of D-infuture Tech amounted to RMB92.8 million and RMB100.3 million as of December 31, 2023 and March 31, 2024, respectively.

FINANCIAL INFORMATION

Other payables and accruals

Other payables and accruals of D-infuture Tech amounted to RMB10.5 million and RMB25.3 million as of December 31, 2023 and March 31, 2024, respectively. The following table sets forth details of its other payables and accruals as of the dates indicated.

	As of December 31, 2023	As of March 31, 2024
	(RMB in thousands)	
Current		
Other tax liabilities	4,950	6,558
Staff cost payables	5,382	3,346
Accrued expenses	214	136
Dividend payable	—	15,270
Total	10,546	25,310

The increase in other payables and accruals of D-infuture Tech from that as of December 31, 2023 to that as of March 31, 2024 arose from its acquisition by our Company. For details, see “—Discussion of Major Balance Sheet Items—Other Payables and Accruals.”

Borrowings

Borrowings of D-infuture Tech amounted to RMB13.6 million and RMB20.0 million as of December 31, 2023 and March 31, 2024, respectively. As of December 31, 2023 and March 31, 2024, the borrowings bear effective interest rates from 3.80% to 5.99% per annum. The following table sets forth details of its borrowings as of the dates indicated.

	As of December 31, 2023	As of March 31, 2024
	(RMB in thousands)	
Credit loan	—	10,005
Guaranteed loan ⁽¹⁾	13,336	9,801
Pledged and guaranteed loan ⁽²⁾	254	209
Total	13,590	20,015

(1) The amount was guaranteed by a shareholder of our Company.

(2) The amounts were secured by a motor vehicle.

FINANCIAL INFORMATION

Discussion of D-infuture Tech’s Cash Flows

The following table sets forth a summary of D-infuture Tech’s cash flows for the periods indicated.

	Year ended December 31, 2023	Three months ended March 31, 2024
	(RMB in thousands)	
Net cash generated from operating activities	1,838	6,491
Net cash generated from/(used in) investing activities.	(10,066)	8,910
Net cash generated from financing activities	4,024	1,958
Net increase/(decrease) in cash and cash equivalents.	(4,204)	17,359
Cash and cash equivalents at the beginning of the year/period. . .	10,508	6,077
Effect of foreign exchange rate change	(227)	—
Cash and cash equivalents at the end of the year/period	6,077	23,436

Net cash generated from operating activities

Net cash generated from operating activities of D-infuture Tech was RMB6.5 million for the three months ended March 31, 2024, primarily due to profit before tax of RMB0.2 million, as adjusted primarily by the non-cash write-down of inventories of RMB0.8 million; further adjusted by changes in working capital items, primarily including increase in trade payables and other payables of RMB7.1 million and decrease in trade and other receivables of RMB3.8 million, partially offset by increase in inventories of RMB5.5 million.

Net cash generated from operating activities of D-infuture Tech was RMB1.8 million for 2023, primarily due to profit before tax of RMB1.3 million, as adjusted primarily by the non-cash depreciation of right-of-use assets of RMB0.9 million, depreciation of property, plant and equipment of RMB0.7 million and write-down of inventories of RMB0.6 million; further adjusted by changes in working capital items, primarily including increase in trade payables and other payables of RMB1.1 million and decrease in trade and other receivables of RMB1.2 million, partially offset by increase in inventories of RMB4.0 million.

Net cash generated from/(used in) investing activities

Net cash generated from investing activities of D-infuture Tech was RMB8.9 million for the three months ended March 31, 2024, primarily due to the net effects of proceeds from disposal of financial assets at FVTPL and purchase of the same.

Net cash used in investing activities of D-infuture Tech was RMB10.1 million for 2023, primarily due to the net effects of purchase of financial assets at FVTPL and proceeds from disposal of the same.

Net cash generated from financing activities

Net cash generated from financing activities of D-infuture Tech was RMB2.0 million for the three months ended March 31, 2024, primarily due to the net effects of new borrowings raised and repayment and interest paid for the same.

Net cash generated from financing activities of D-infuture Tech was RMB4.0 million for 2023, primarily due to the net effects of new borrowings raised and repayment and interest paid for the same.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business—Growth Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED].

We intend to use the net [REDACTED] we expect to receive from the [REDACTED] for the purposes and in the amounts set out below.

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be allocated to the R&D of our hardware enabler *Hy³CAN*, software platform *IFIE*, AI inference chips and related products, NPU product *Nova*, and related technologies, including:
 - o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be allocated over the next four years for attracting, retaining and cultivating our R&D team. The development of our AI inference chips and related products primarily relies on the design and development work performed by our high-qualified R&D personnel utilizing our technologies and equipment. Specifically,
 - (1) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for engineer recruitment and retention at a ratio of approximately two-to-one 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, such as large model inference and intelligent computing of enterprise-class and industry-class, high-density video analysis, video transcoding, and video compliance review. We expect the planned upgrades to our AI inference chip series to bring better computational efficiency, scenario-specific performance, and scalability across deployments. Concurrently, we expect the planned upgrades to our acceleration cards and hyper-scale computing nodes to ensure our AI inference chips deploy reliably at scale, providing customers with products and services that reduce latency, improving energy efficiency, and lowering costs. Specifically, we plan to recruit (1) approximately 130 product or chip solution engineers holding bachelor’s degree or higher in computer science, electronics, telecommunications, or a related field, with more than three years of relevant work experience, and (2) approximately 80 chip engineers and algorithm engineers holding master’s degree or higher in the same fields, with more than five years of relevant work experience;
 - (2) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for engineer recruitment and retention at a ratio of approximately two-to-one to strengthen our software development capability in heterogeneous computing and hardware adaptation, distributed deployment of large models, and performance analysis and tuning by enhancing our hardware enabler *Hy³CAN* and software platform *IFIE* to develop a comprehensive AI inference toolchain and software stack to streamline model deployment and optimization. Specifically, we plan to recruit (1) approximately 110 software engineers holding bachelor’s degree or higher in computer science, electronics, telecommunications, or a related field, with more than three years of relevant work experience, and (2) approximately 50 compiler engineers holding master’s degree or higher in the same fields, with more than five years of relevant work experience; and

FUTURE PLANS AND USE OF [REDACTED]

- (3) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for engineer recruitment and retention at a ratio of approximately one-to-one to optimize architecture design and algorithm for our NPU product *Nova* to deliver more efficient performance with lower power consumption. We will focus on key technology breakthroughs including primarily *Near-memory Hyper-converged Architecture* technology to improve computational efficiency and develop reusable, customizable *Nova* serving as the foundation for our AI inference chips. Specifically, we plan to recruit approximately 50 processor engineers holding master’s degree or higher in computer science, electronics, telecommunications, or a related field, with more than five years of relevant work experience;

We believe there are sufficient talents in the market that can meet our qualifications abovementioned. We plan to attract and retain talents primarily through (1) competitive compensation package augmented by equity incentives, (2) dedicated funding for employees’ continuous professional development, (3) investments in state-of-the-art research infrastructure and equipment, (4) assisting employees with applications for government talent policies, welfare housing, commercial insurance, and other benefits, and (5) offering flexible work arrangements regarding both time and location.

- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for chip tape-out to facilitate iterations of our AI inference chips, achieve performance breakthrough in next-generation chips, and accelerate commercial deployment for data centers, smart devices, and robots. Specifically, we plan to develop chip microarchitecture and specialized instruction sets, enhancing algorithm-chip compatibility and computational efficiency. Specifically, we plan to enhance algorithm-chip compatibility and computational efficiency of our AI inference chips by optimizing the chip microarchitecture and verifying it through chip tape-out and post-testing with specialized instruction sets. This initiative differs from the optimization of the architecture design and algorithm for our NPU product *Nova*, primarily because the former involves chip tape-out and post-testing validation, whereas the latter focuses on design optimization—representing different stages in the R&D process;
- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for IP licensing-in services primarily in relation to processor, high-speed interface and multimedia processing technologies to expedite our chip design and development process and shorten our R&D cycle. 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 high-speed interface IPs and high-speed interconnect IPs, all both of which are widely adopted industry standards; and
- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for investment in R&D equipment and other related expenses, primarily including purchasing emulator, and server equipment to enhance our overall R&D capabilities, achieving key technological breakthrough and enriching our reserve of cutting-edge technologies. Specifically, the procurement of emulators and servers will accelerate our R&D cycle by enabling early software development and validation long before chip tape-out. Emulators and servers will facilitate real-world workload testing and pre-manufacturing firmware debugging, reducing time-to-market and ensuring architectural decisions are empirically validated against target AI inference chips prior to fabrication;

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED] million will be used to pursue strategic investment and acquisition opportunities. We intend to actively identify and prudently evaluate potential targets that may offer strategic synergies to complement our business. 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. These strategic investments or acquisitions will support our long-term AI-centric development strategy, enhance our technology capabilities, expand our product portfolio, grow our customer base and strengthen our partner ecosystem. When assessing potential targets, we will evaluate key factors including historical operational and financial performance, the scale of business, technological synergies with us, growth potential, strategic alignment with us, customer networks, management teams, and valuation. The non-exhaustive examples of desired targets include (1) companies in downstream industries such as AI glasses, service robots and other smart devices, which will further enhance our deployment experience, (2) companies with strong R&D capabilities in algorithm and chip development, which will further strengthen our technology capabilities, and (3) leading companies in their respective market sectors with synergy effects with us and annual revenue of at least RMB50.0 million. According to the CIC Report, there are over 1,500 and over 3,000 potential targets which satisfy our criteria in China and overseas markets, respectively. As of the Latest Practicable Date, we had not identified any investment or acquisition target or entered into any definitive investment or acquisition agreement;
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be allocated to strengthen our sales and marketing capabilities and reinforce our brand image through online and offline initiatives. For offline initiatives, we intend to participate in or sponsor activities such as industry exhibitions, product launches, professional forums, and targeted sponsorships to amplify our brand visibility. For online initiatives, we intend to promote our products and services primarily of consumer-class scenario, and raise our brand awareness among broader customer base through online campaigns partnering with leading social media platforms and KOLs. Specifically, we plan to elevate the brand value of our brands such as *Dr. LookAi*, and promote our consumer-class products, such as *Dr. LookAi Learning Camera* and *Dr. LookAi Companion Dog*, through collaborations with leading social media platforms and KOLs. By co-creating engaging content, we aim to strengthen user engagement, enhance brand communication, and ultimately expand our customer base; and
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED]. We will receive net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the low-point of the indicative range of the [REDACTED]), and net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the high-point of the indicative range of the [REDACTED]), without the exercise of the [REDACTED] and no additional Shares are issued pursuant to our Share Incentive Schemes. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] and other fees and [REDACTED] payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of our indicative [REDACTED]).

If the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will deposit the net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the [REDACTED] or applicable laws and regulations in other jurisdictions), as long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[•], received from the Company’s reporting accountants, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN INTELLIFUSION TECHNOLOGIES CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Intellifusion Technologies Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-[•], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “[REDACTED]”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the financial position of the Company and the Group as at 31 December 2023, 2024 and 2025, and of the financial performance and cash flows of the Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, [•]

Gao Yajun

Practising Certificate Number: P06391

APPENDIX I

ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Baker Tilly Hong Kong Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (*RMB’000*) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	5	506,009	917,372	1,339,284
Cost of sales		(387,207)	(725,271)	(971,099)
Gross profit		118,802	192,101	368,185
Other income	6(a)	87,776	112,901	146,619
Other gains and losses, net	6(b)	41,469	32,963	21,261
Provision for impairment losses under expected credit loss model, net	8	(25,013)	(61,254)	(57,544)
Write-down of inventories	8	(3,667)	(12,368)	(12,403)
Impairment loss on non-current assets classified as held for sale	8	—	—	(25,435)
Selling and distribution expenses		(101,555)	(176,331)	(164,192)
Administrative expenses		(207,221)	(260,769)	(219,143)
Research and development expenses	7	(294,837)	(399,869)	(445,463)
Finance costs	11	(484)	(3,888)	(27,861)
Share of results of an associate	19	—	37	1,340
Loss before income tax		(384,730)	(576,477)	(414,636)
Income tax	12	620	4,308	2,865
Loss for the year		(384,110)	(572,169)	(411,771)
Attributable to:				
Owners of the Company		(383,117)	(579,047)	(422,194)
Non-controlling interests		(993)	6,878	10,423
		(384,110)	(572,169)	(411,771)
Basic and diluted loss per share attributable to owners of the Company .	14	(1.15)	(1.63)	(1.18)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Loss for the year	(384,110)	(572,169)	(411,771)
Other comprehensive income/(loss), net of tax			
<i>Items that will not be reclassified to profit or loss:</i>			
— Fair value changes on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	—	(12,652)	38,047
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of financial statements of foreign operations, net of tax	39	65	(44)
Other comprehensive income/(loss) for the year, net of tax	39	(12,587)	38,003
Total comprehensive loss for the year	(384,071)	(584,756)	(373,768)
Attributable to:			
Owners of the Company	(383,078)	(591,634)	(384,191)
Non-controlling interests	(993)	6,878	10,423
	(384,071)	(584,756)	(373,768)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	324,585	1,559,681	1,280,404
Right-of-use assets	16	36,343	27,625	31,671
Goodwill	17	—	20,367	20,367
Intangible assets	18	2,408	35,417	26,868
Financial assets at fair value through other comprehensive income (“FVTOCI”)	21	67,000	145,248	197,776
Trade and bills receivables	24	144,431	73,761	45,953
Interest in associates	19	—	16,714	24,554
Prepayments, deposits and other receivables	26	93,333	42,463	17,782
Deferred tax assets	29	6,428	13,031	11,542
		674,528	1,934,307	1,656,917
Current assets				
Inventories	23	135,908	249,410	285,936
Trade and bills receivables	24	489,401	741,320	682,558
Contract assets	25(a)	11,733	9,945	8,337
Financial assets at fair value through profit or loss (“FVTPL”)	20	2,635,574	701,005	882,604
Financial assets at FVTOCI	21	910	12,843	7,657
Prepayments, deposits and other receivables	26	98,898	315,739	316,735
Amounts due from related companies	27	2,085	27,186	12,630
Tax recoverable		2	2	95
Time deposit	28	250,000	—	80,293
Restricted bank deposits	28	30,933	17,802	20,048
Cash and cash equivalents	28	523,611	908,937	1,501,966
		4,179,055	2,984,189	3,798,859
Non-current assets classified as held for sale	22	—	—	24,779
		4,179,055	2,984,189	3,823,638
Current liabilities				
Trade and bills payables	30	246,183	465,309	413,014
Other payables and accruals	31	113,727	170,347	147,704
Contract liabilities	25(b)	44,888	63,748	72,182
Lease liabilities	33	13,817	15,159	15,926
Borrowings	32	—	72,551	503,410
Tax payable		153	298	227
		418,768	787,412	1,152,463
Net current assets		3,760,287	2,196,777	2,671,175
Total assets less current liabilities		4,434,815	4,131,084	4,328,092
Non-current liabilities				
Borrowings	32	—	85,749	320,236
Deferred income	34	27,763	75,943	176,183
Lease liabilities	33	22,856	14,183	17,837
Deferred tax liabilities	29	5,578	9,256	8,386
		56,197	185,131	522,642
Net assets		4,378,618	3,945,953	3,805,450
EQUITY				
Share capital	35	355,134	355,134	358,827
Reserves	38	4,025,191	3,581,536	3,426,972
		4,380,325	3,936,670	3,785,799
Non-controlling interests		(1,707)	9,283	19,651
Total equity		4,378,618	3,945,953	3,805,450

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	323,382	1,567,808	1,276,551
Right-of-use assets	16	34,229	23,301	21,384
Intangible assets	18	2,408	1,587	1,039
Financial assets at FVTOCI	21	67,000	145,248	197,776
Trade and bills receivables	24	27,284	8,015	—
Investments in subsidiaries	1	104,059	621,189	615,355
Interest in an associate	19	—	16,714	18,053
Prepayments, deposits and other receivables	26	93,333	42,463	17,405
Deferred tax assets	29	5,134	3,495	—
		656,829	2,429,820	2,147,563
Current assets				
Inventories	23	103,929	151,744	135,974
Trade and bills receivables	24	316,629	216,773	163,791
Contract assets	25(a)	9,307	1,578	1,630
Financial assets at FVTPL	20	2,632,648	700,053	882,604
Financial assets at FVTOCI	21	—	2,843	4,731
Prepayments, deposits and other receivables	26	77,299	271,443	262,470
Amounts due from subsidiaries	27	734,506	1,069,191	1,275,079
Amounts due from related companies	27	2,085	530	—
Tax recoverable		2	2	3
Time deposit	28	250,000	—	—
Restricted bank deposits	28	30,933	17,802	18,385
Cash and cash equivalents	28	461,117	825,735	1,446,377
		4,618,455	3,257,694	4,191,044
Non-current assets classified as held for sale	22	—	—	24,779
		4,618,455	3,257,694	4,215,823
Current liabilities				
Trade and bills payables	30	199,351	193,602	134,136
Other payables and accruals	31	77,126	106,129	93,566
Contract liabilities	25(b)	34,612	38,327	20,948
Amount due to subsidiaries	27	27,860	581,001	568,297
Lease liabilities	33	12,058	12,330	10,348
Borrowings	32	—	50,263	470,319
		351,007	981,652	1,297,614
Net current assets		4,267,448	2,276,042	2,918,209
Total assets less current liabilities		4,924,277	4,705,862	5,065,772
Non-current liabilities				
Borrowings	32	—	50,020	320,236
Deferred income	34	27,763	75,943	176,183
Lease liabilities	33	22,662	12,336	13,055
Deferred tax liabilities	29	5,134	3,495	4,497
		55,559	141,794	513,971
Net assets		4,868,718	4,564,068	4,551,801
EQUITY				
Share capital	35	355,134	355,134	358,827
Reserves	38	4,513,584	4,208,934	4,192,974
Total equity		4,868,718	4,564,068	4,551,801

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)
As at 1 January 2023	266,350	1,335,595	—	—	(19,146)	719,447	108	(1,209,147)	1,093,207	(714)
Loss for the year	—	—	—	—	—	—	—	(383,117)	(383,117)	(993)
Other comprehensive income for the year	—	—	—	—	—	—	39	—	39	—
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	39	(383,117)	(383,078)	(993)
Shares-based payment expenses	—	—	—	—	—	86,658	—	—	86,658	—
Issue of shares (Note)	88,784	3,494,754	—	—	—	—	—	—	3,583,538	—
As at 31 December 2023	355,134	4,830,349	—	—	(19,146)	806,105	147	(1,592,264)	4,380,325	(1,707)

Note:

The Company received capital injection following the issuance and listing of its shares on the Shanghai Exchange. Net proceeds of RMB3,583,538,000 comprised RMB88,784,000 allocated to share capital at the par value of RMB1 per share and RMB3,494,754,000 allocated to share premium.

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)
As at 1 January 2024	355,134	4,830,349	—	—	(19,146)	806,105	147	(1,592,264)	4,380,325	(1,707)
(Loss)/profit for the year	—	—	—	—	—	—	—	(579,047)	(579,047)	6,878
Other comprehensive (loss)/income for the year	—	—	—	(12,652)	—	—	65	—	(12,587)	—
Total comprehensive (loss)/income for the year	—	—	—	(12,652)	—	—	65	(579,047)	(591,634)	6,878
Share repurchase	—	—	(39,457)	—	—	—	—	—	(39,457)	—
Share-based payment expenses	—	—	—	—	—	189,523	—	—	189,523	—
Acquisition of subsidiary	—	—	—	—	—	—	—	—	—	2,025
Partial acquisition of non-controlling interest	—	(2,087)	—	—	—	—	—	—	(2,087)	2,087
As at 31 December 2024	355,134	4,828,262	(39,457)	(12,652)	(19,146)	995,628	212	(2,171,311)	3,936,670	9,283

APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)	RMB'000
As at 1 January 2025	355,134	4,828,262	(39,457)	(12,652)	(19,146)	995,628	212	(2,171,311)	3,936,670	9,283	3,945,953
(Loss)/profit for the year.	—	—	—	—	—	—	—	(422,194)	(422,194)	10,423	(411,771)
Other comprehensive income for the year	—	—	—	38,047	—	—	(44)	—	38,003	—	38,003
Total comprehensive income/(loss) for the year.	—	—	—	38,047	—	—	(44)	(422,194)	(384,191)	10,423	(373,768)
Dividend to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	(55)	(55)
Share issued under share option scheme	3,693	203,087	—	—	—	(102,861)	—	—	103,919	—	103,919
Share-based payment expenses	—	—	—	—	—	128,658	—	—	128,658	—	128,658
Capital contribution by a non-controlling shareholder of a subsidiary.	—	743	—	—	—	—	—	—	743	—	743
As at 31 December 2025	358,827	5,032,092	(39,457)	25,395	(19,146)	1,021,425	168	(2,593,505)	3,785,799	19,651	3,805,450

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cash flows from operating activities				
Loss before tax		(384,730)	(576,477)	(414,636)
Adjustments for:				
— Finance costs	11	484	3,888	27,861
— Depreciation of property, plant and equipment	15	44,574	128,525	348,376
— Depreciation of right-of-use assets	16	15,367	16,619	14,563
— Amortisation of intangible assets	18	1,726	6,770	8,549
— Loss/(gain) on disposal of property, plant and equipment	6	41	54	(51)
— Loss/(gain) on lease modifications	6	7	(98)	4
— Share of results of an associate	19	—	(37)	(1,340)
— Fair value change on financial assets at FVTPL	6	(41,684)	(33,598)	(20,489)
— Interest income	6	(12,678)	(10,858)	(3,972)
— Share-based payment expenses	9	86,658	189,523	128,658
— Exchange (gain)/loss, net		(26)	(44)	46
— Write-down of inventories	8	3,667	12,368	12,403
— Impairment loss on non-current assets classified as held for sale	8	—	—	25,435
— Provision for impairment losses under expected credit loss model, net	8	25,013	61,254	57,544
Operating cash flows before movements in working capital		(261,581)	(202,111)	182,951
Increase in inventories		(72,692)	(100,072)	(49,022)
(Increase)/decrease in trade and other receivables		(275,585)	(412,511)	53,483
(Decrease)/increase in deferred income		(25,961)	48,180	100,240
(Increase)/decrease in amount due from related companies		(467)	(25,101)	14,782
Decrease in contract assets		8,071	1,788	1,631
Increase/(decrease) in trade payables and other payables		78,871	352,646	(47,994)
(Increase)/decrease in restricted bank deposits		(15,444)	13,131	(2,539)
Increase in contract liabilities		11,201	18,854	8,434
Cash (used in)/generated from operating activities		(553,587)	(305,196)	261,966
Income tax paid		(102)	(182)	(112)
Interest income received		12,678	10,858	3,972
Net cash (used in)/generated from operating activities		(541,011)	(294,520)	265,826
Cash flows from investing activities				
Deposit refund for property, plant and equipment		—	92,250	2,000
Capital injection to an associate	19	—	(20,000)	(6,500)
Net cash outflow on acquisition of subsidiary	45	—	(36,564)	—
Purchase of property, plant and equipment		(436,611)	(1,562,390)	(115,917)
Proceeds from disposal of property, plant and equipment		4	63	136
Proceeds from disposal of financial assets at FVTPL		5,458,590	4,629,384	5,896,890
Purchase of intangible assets		(1,970)	(362)	—
Purchase of equity instruments		(67,000)	(90,900)	(10,000)
(Increase)/decrease in time deposits with original maturity over three months		(250,000)	250,000	(80,000)
Purchase of financial assets at FVTPL		(7,565,900)	(2,660,500)	(6,058,000)

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Net cash (used in)/generated from investing activities		(2,862,887)	600,981	(371,391)
Cash flows from financing activities				
Payment of lease liabilities	39	(17,039)	(15,802)	(14,192)
Repayment of bank loans	39	—	(9,033)	(457,276)
New bank loans raised	39	—	147,200	1,122,150
Interest paid	39	(434)	(4,152)	(27,445)
Repurchase of ordinary shares		—	(39,457)	—
Transaction costs for issue of shares		(32,266)	—	(14,517)
Proceeds from issue of shares		3,602,016	—	103,919
Capital contribution by a non-controlling shareholder of a subsidiary		—	—	743
Dividend paid		—	—	(14,645)
Net cash generated from financing activities		3,552,277	78,756	698,737
Net increase in cash and cash equivalents		148,379	385,217	593,172
Cash and cash equivalents at the beginning of the year		375,167	523,611	908,937
Effect of foreign exchange rate changes		65	109	(143)
Cash and cash equivalents at the end of the year	28	523,611	908,937	1,501,966

APPENDIX I

ACCOUNTANTS’ REPORT

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the People’s Republic of China (the “PRC”) on 27 August 2014 and changed to a joint stock limited company on 23 July 2020. The Company’s A shares have been listed on Science and Technology Innovation Board of Shanghai Stock Exchange since 4 April 2023. The address of the Company’s registered office is Room 4F05, Building 36, Software Town of Shenzhen Universiade, No. 8288 Longgang Avenue, He’ao Community, Yuanshan Sub-district, Longgang District, Shenzhen, Guangdong, the PRC and its principal place of business at Level 14, 15 and 33, Building 10B, Shenzhen Bay Science and Technology Ecological Park, Nanshan District, Shenzhen, Guangdong, the PRC.

During the Track Record Period, the Company and its subsidiaries were principally engaged in the AI algorithms and chip technology and provides customers with self-developed core products.

During the Track Record Period and as at the date of this report, the Company’s principal subsidiaries are as follows:

Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Hangzhou Lifei Software Technologies Co., Ltd.* 杭州勵飛軟件技術有限公司.	PRC 12 March 2015	RMB10,000	100%	N/A	Technology promotion and application services
Shenzhen Turing Microelectronics Co., Ltd.* 深圳圖靈微電子有限公司	PRC 25 April 2013	RMB100,000	100%	N/A	Technology promotion and application services
Shenzhen Lifei Technologies Co., Ltd.* 深圳勵飛科技有限公司	PRC 19 October 2017	RMB1,000	100%	N/A	Technology promotion and application services
Qingdao Intellifusion Technologies Co., Ltd.* 青島雲天勵飛科技有限公司 . . .	PRC 28 December 2017	RMB5,000	100%	N/A	Technology promotion and application services
Chengdu Intellifusion Technologies Co., Ltd.* 成都雲天勵飛技術有限公司 . . .	PRC 17 April 2018	RMB9,000	N/A	100%	Technology promotion and application services
Intellifusion (Hong Kong) Limited 雲天勵飛(香港)有限公司	Hong Kong (“HK”) 1 February 2018	USD800	100%	N/A	Technology promotion and application services
Jiangsu Intellifusion Technologies Co., Ltd.* 江蘇雲天勵飛技術有限公司 . . .	PRC 16 November 2018	RMB20,000	100%	N/A	Software and information technology services
Shenzhen Imprexion Data Technologies Co., Ltd.* 深圳印像數據科技有限公司.	PRC 9 February 2018	RMB3,340	100%	N/A	Software and information technology services

APPENDIX I

ACCOUNTANTS’ REPORT

Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Beijing Intellifusion Technologies Co., Ltd.* 北京雲天勵飛科技有限公司 . . .	PRC 24 November 2017	RMB5,000	100%	N/A	Software and information technology services
Shanghai Intellifusion Information Technology Co., Ltd.* 上海雲天勵飛信 息技術有限公司	PRC 4 August 2017	RMB5,000	100%	N/A	Software and information technology services
Hunan Intellifusion Information Technology Co., Ltd.* 湖南雲天勵飛信 息技術有限公司 (Note (a)).	PRC 27 August 2019	RMB10,000	100%	N/A	Software and information technology services
Zhuhai Turing Intelligent Technologies Co., Ltd.* 珠海圖靈智能技術有限公司.	PRC 29 July 2019	RMB500	100%	N/A	Software and information technology services
Wuhan Hanyunchuhui Digital Technologies Co., Ltd.* 武漢漢雲楚慧 數字科技有限公司	PRC 10 December 2020	RMB5,000	100%	N/A	Software and information technology services
Zhengzhou Intellifusion Technologies Co., Ltd.* 鄭州雲天勵飛科技有限公司.	PRC 28 May 2021	RMB10,000	100%	N/A	Software and information technology services
Shenzhen Yuntian Algorithm Technologies Co., Ltd.* 深圳雲天算法 技術有限公司 (Note (b))	PRC 24 September 2021	RMB5,000	100%	N/A	Software and information technology services
Chengdu Tianzhou Jincheng Technologies Co., Ltd.* 成都天舟錦成科技有限公司.	PRC 7 February 2022	RMB20,000	N/A	100%	Software and information technology services
Shenzhen Intellifusion Intelligent Construction Technology Co., Ltd.* 深圳雲天勵飛智建科技有限公司	PRC 21 June 2022	RMB10,000	100%	N/A	Software and information technology services
Chengdu Xinxing Lifei Robotics Technologies Co., Ltd.* 成都芯星勵飛 機器人技術有限公司	PRC 9 September 2022	RMB10,000	N/A	100%	Technology promotion and application services
Star Hybrids Limited	BVI 10 May 2018	USD50	N/A	100%	Inactive
Nanjing Sharp Eyes Embedded Artificial Intelligence Institute Co., Ltd.* 南京深 目嵌入式人工智能研究院有限公司 . . .	PRC 13 January 2021	RMB5,000	N/A	100%	Internet information services
Wuhan Hanyun Chuhui Intelligent Technologies Co., Ltd.* 武漢漢雲楚慧 智能科技有限公司	PRC 31 January 2019	RMB10,000	N/A	100%	Technology promotion and application services
Chengdu Intellifusion Jinfa Technologies Co., Ltd.* 成都雲天錦發科技有限公司 (Note (c)).	PRC 29 April 2022	RMB1,000	N/A	70%	Technology promotion and application services

APPENDIX I

ACCOUNTANTS’ REPORT

Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Chengdu Tianfu Lifei Technologies Co., Ltd.* 成都天府勵飛科技有限公司 . . .	PRC 27 March 2023	RMB10,000	100%	N/A	Internet information technology services
Yibin Lifei Technologies Co., Ltd.* 宜賓勵飛科技有限公司	PRC 7 August 2023	RMB10,000	100%	N/A	Internet information services
Shenzhen Lifei New Energy Technologies Co., Ltd.* 深圳勵飛新能源技術有限公司	PRC 24 October 2023	RMB2,000	100%	N/A	Energy-saving technology promotion services
Shenzhen Lifei Intelligent Technologies Co., Ltd.* 深圳勵飛智能科技有限公司.	PRC 28 February 2024	RMB1,000	100%	N/A	Information system integration services
Shenzhen Dr. LookAi Technologies Co., Ltd.* 深圳市嚕卡博士科技有限公司 . .	PRC 29 July 2024	RMB10,000	100%	N/A	Wholesale of electronic products
Shenzhen Lifei Zhiwen Technologies Co., Ltd.* 深圳市勵飛智文科技有限公司 . .	PRC 21 September 2024	RMB5,000	100%	N/A	Operation and maintenance services
Shenzhen D-infuture Technologies Co., Ltd.* 深圳市岍丞技術有限公司	PRC 29 August 2018	RMB10,000	N/A	51%	Wholesale of electronic products
Shenzhen Xingxin Investment Co., Ltd. 深圳星芯投資有限公司(<i>Note (d)</i>)	PRC 7 November 2025	RMB10,000	100%	N/A	Business services
Shanghai Puyun Tianxin Technology Co., Ltd.* 上海浦雲天芯技術有限公司(<i>Note (e)</i>)	PRC 21 November 2025	RMB30,000	100%	N/A	Software and information technology services

* In the Historical Financial Information, English names of the companies referred herein represent management’s best effort to translate the Chinese names of the companies as no English names have been officially registered.

Notes:

- (a) The company was deregistered on 25 November 2024.
- (b) The company was deregistered on 20 March 2025.
- (c) The company was deregistered on 28 October 2025.
- (d) The company was incorporated on 6 November 2025.
- (e) The company was incorporated on 21 November 2025.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after 1 January 2025, throughout the Track

APPENDIX I

ACCOUNTANTS’ REPORT

Record Period. The early adoption of the IFRSs do not have any significant impact on the financial positions or results of the Group during the Track Record Period. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

Accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Contract Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosure ²
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards—Volume 11 ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²

¹ Effective for annual beginning on or after 1 January 2026.

² Effective for annual beginning on or after 1 January 2027.

³ No mandatory effective date yet determined but available for adaption.

The Group has commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except as described below.

Amendments to IFRS 9 and IFRS 7

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent

APPENDIX I

ACCOUNTANTS’ REPORT

feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in IFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the reporting period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group has various subsidiaries operating in jurisdictions where the electronic payment systems are not instantaneous. Upon the application of the amendments, the Group will apply the exception to derecognise financial liabilities settled via such electronic payment systems when the payment instruction is initiated. On the other hand, for the settlement by the subsidiaries’ customers vis electronic settlement systems, the Group can only derecognize the financial assets when cash is deposited in the bank accounts of the subsidiaries, which is different from the current accounting policies where the Group derecognise the financial assets at the date the payment instructions were initiated by the customers. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. IFRS 18 is not expected to have any significant impact on the Group’s financial position and performance and the Group will continue to analyse the new requirements and assess the impact of IFRS 18 on the presentation and disclosure of the Group’s financial information.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

APPENDIX I

ACCOUNTANTS’ REPORT

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within the equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the Group’s relevant components of equity and the non-controlling interest to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s statements of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

APPENDIX I

ACCOUNTANTS’ REPORT

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

Acquisition of subsidiaries

(a) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(b) Asset acquisitions

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group’s policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition changes in the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Majority of the subsidiaries of the Group operate in the PRC and their functional currency is RMB. The Historical Financial Information is presented in RMB, which is the Company’s functional currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within “other (losses)/gains”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Electronic devices	3 years
Motor vehicles	4 years
Office equipment and others	3 years
Machinery and equipment	5–10 years
Leasehold improvements	shorter of the unexpired term of the lease or 3 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

APPENDIX I

ACCOUNTANTS’ REPORT

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “Other gains/(losses)—net” in the consolidated statements of profit or loss.

Non-current assets classified as held for sale

Non-current assets, or disposal Group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

APPENDIX I

ACCOUNTANTS’ REPORT

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Copyright, patent and trademarks	5 years
Software	3–5 years

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development expenditures

Research expenditures is recognised as an expense as incurred. Development cost is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are measured at:

- amortised cost;
- FVTPL; or
- FVTOCI.

The measurement is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses (“ECL”) on financial assets which is presented as a separate item in consolidated statements of profit or loss.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included “other income” in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s bank balances, deposits and cash, trade and bills receivables, deposits and other assets fall into this category of financial instruments.

Financial assets at FVTOCI

If the contractual cash flows of the instrument comprise solely payments of principal and interest and the financial asset is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other

APPENDIX I

ACCOUNTANTS’ REPORT

comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is reclassified from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a business model other than “hold to collect” or “hold to collect and sell” are measured at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are measured at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity instruments is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “financial assets at FVTOCI reserve” in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “financial assets at FVTOCI reserve” will not be reclassified to profit or loss upon disposal of the equity instruments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and bills payables, other payables and accruals, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

APPENDIX I

ACCOUNTANTS’ REPORT

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and bills payables, other payables and accruals

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Credit losses and impairment of assets

Credit losses from financial instruments and contract assets

The group recognises a loss allowance for expected credit losses (“ECL”)s on:

- financial assets measured at amortised cost (including trade and bill receivables, deposits and other receivables, amount due from related companies, time deposit, restricted bank deposits and cash and cash equivalents);
- contract assets; and
- non-equity securities measured at FVOCI;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

APPENDIX I

ACCOUNTANTS’ REPORT

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are Grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI, for which the loss allowance is recognised in OCI and accumulated in the fair value reserve does not reduce the carrying amount of the financial asset in the statement of financial position.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

APPENDIX I

ACCOUNTANTS’ REPORT

Other financial assets measured at amortised cost and bills receivables measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Group assumes that the credit risk on bills receivables measured at FVTOCI has not increased significantly since initial recognition if the bills receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Bills receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables, contract assets, other financial assets measured at amortised cost and bills receivables measured at FVTOCI are set out in Note 43.

Inventories and other contract costs

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

APPENDIX I

ACCOUNTANTS’ REPORT

Contract costs

Contract costs are either the costs to fulfil a contract or the incremental costs of obtaining a contract which are not capitalised as inventories, property, plant and equipment and intangible assets.

Costs to fulfil a contract

The Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in “inventories” in the consolidated statements of financial position) if all of the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

An asset is amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 28.

Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in “Impairment of financial assets and contract assets” above and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration in advance of performance. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within “other payables and accruals”. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in “Impairment of financial assets and contract assets” above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the group enters into a lease in respect of a low-value item, the group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

APPENDIX I

ACCOUNTANTS’ REPORT

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the financial statements, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue recognition

Revenue from contracts with customers

Revenue mainly arises from the following major sources:

- (i) Sales of goods;
- (ii) Provision of services; and
- (iii) Provision of integrated project contracts.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the control of the promised goods or services to its customers.

For the revenue recognised over time, the group using an output method to measure progress towards complete satisfaction of a performance obligation, when the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs. Otherwise, recognise revenue from such performance obligation at a point in time upon acceptance of customised services by customers.

Further details of the Group’s revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in the PRC is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue from provision of services

Revenue from provision of services between the Group and its customers generally includes technical services. If the customers obtain and consume the economic benefits brought by the Group’s performance when the Group has performed its obligations, the performance obligation is considered to be satisfied within a certain period of time and recognise the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognised when the Group has satisfied the corresponding performance obligation in accordance with the contract terms, and has received confirmation from the customer and other supporting documentation.

Revenue from integrated project contracts

Revenue from integrated project contracts comprises the sale of hardware products and software products, together with the provision of accompanying services including solution design, installation and commissioning, technical supervision, trial operation, and system maintenance.

The Group enters into sales contracts with customers which set out detailed acceptance criteria. Revenue is recognised when the performance obligations are satisfied in accordance with the contractual acceptance terms, and acceptance is obtained from the customer or a designated party specified in the contract.

The Group assesses whether the goods and services promised in the contract are distinct and accounts for each performance obligation separately, unless they are not distinct within the context of the contract, in which case they are combined as a single performance obligation.

For integrated project contracts that include warranty clauses, the Group evaluates whether the warranty provides assurance that the delivered goods comply with agreed-upon specifications, or if it constitutes a distinct service. Assurance warranty is accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Where the warranty represents a distinct service promised to the customer, it is treated as a separate performance obligation and accounted for in accordance with the revenue recognition policies for provision of services (see above).

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e., gross carrying amount net of ECL allowance) of the asset.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

APPENDIX I

ACCOUNTANTS’ REPORT

Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets;
- The Company’s investments in subsidiaries and associates; and
- Contract costs.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., cash-generating unit, “CGU”). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

Impairment losses recognised for CGUs are allocated initially to the carrying amount of goodwill. Any remaining impairment loss is allocated to the other assets in the CGU on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, if measurable or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

APPENDIX I

ACCOUNTANTS’ REPORT

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based payment

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share option schemes and share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “share-based payment reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

APPENDIX I

ACCOUNTANTS’ REPORT

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

APPENDIX I

ACCOUNTANTS’ REPORT

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the “CODM”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group’s major product and service lines. The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group’s internal reporting in order to assess performance and allocate resources. All of the Group’s business operations relate to the service of artificial intelligence-driven software and hardware product, including algorithm platforms and chips. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

APPENDIX I

ACCOUNTANTS’ REPORT

- (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom exactly equal the actual results. Management also needs to exercise judgment in applying the Group’s accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

APPENDIX I

ACCOUNTANTS’ REPORT

Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk of default and the expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of profit or loss. Details of the assessment of loss allowance for trade receivables during the Track Record Period are disclosed in Note 44 and the carrying amounts of the Group’s trade receivables are disclosed in Note 24.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to volatility in financial markets, including potential disruptions in the Group’s operation. Details of the impairment assessment during the Track Record Period are disclosed in Note 15.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group’s profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets are disclosed in Note 43.

APPENDIX I

ACCOUNTANTS’ REPORT

5. REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods and services as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of scenario			
— Industry-class	469,092	253,753	174,248
— Enterprise-class	31,110	248,596	536,081
— Consumer-class	—	405,672	623,898
— Others	5,807	9,351	5,057
	506,009	917,372	1,339,284
Timing of revenue recognised			
— At a point in time	472,647	740,774	804,596
— Over time	33,362	176,598	534,688
	506,009	917,372	1,339,284

Transaction price allocated to the unsatisfied performance obligations

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied.	351,104	1,797,634	1,367,641

This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for sales of goods, provision of services and integrated projects contracts entered into by the customers with the group. The group will recognise the expected revenue in future when or as the projects or services are completed or, in the case of the sales of goods, when the goods are transferred to the customers, which is expected to occur over the next 1 to 36 months.

5.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No other discrete financial information is provided to the CODM other than the Group’s results and financial position as a whole. Accordingly, no further analysis is presented.

APPENDIX I

ACCOUNTANTS’ REPORT

Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
— Hong Kong	—	—	—
— Mainland China	505,822	917,325	1,339,100
— Other countries/regions.	187	47	184
	<u>506,009</u>	<u>917,372</u>	<u>1,339,284</u>

The geographical location of non-current assets are based on the location of these assets. At the end of each reporting period, all of the Group’s non-current assets are located in the PRC.

Information about major customers

Revenue from external customers which individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
Customer A	88,149	*	*
Customer F	*	187,684	273,474
Customer G	*	111,019	495,349
	<u>88,149</u>	<u>298,703</u>	<u>768,823</u>

* Represent that the amount of revenue from such customer is less than 10% of the total revenue for respective year/period.

APPENDIX I

ACCOUNTANTS’ REPORT

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (<i>Note</i>)	74,264	97,948	140,235
Interest income	12,678	10,858	3,972
Other tax income	774	646	795
Others	60	3,449	1,617
	<u>87,776</u>	<u>112,901</u>	<u>146,619</u>

Note:

It mainly represents the government subsidies arising from eligible research and development projects of certain subsidiaries of the Group.

(b) Other gains and losses, net

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fair value change on financial assets at FVTPL	41,684	33,598	20,489
(Loss)/gain on disposal of property, plant and equipment	(41)	(54)	51
(Loss)/gain on lease modifications	(7)	98	(4)
Exchange gain/(loss)	49	(42)	1,084
Others	(216)	(637)	(359)
	<u>41,469</u>	<u>32,963</u>	<u>21,261</u>

7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Employee benefit expenses	223,995	270,611	274,963
Research material costs	10,998	3,458	11,402
Design service fees	9,211	47,537	75,525
IT maintenance service fee	3,146	11,410	11,409
Depreciation and amortisation	40,288	60,211	65,894
Others	7,199	6,642	6,270
	<u>294,837</u>	<u>399,869</u>	<u>445,463</u>

APPENDIX I

ACCOUNTANTS’ REPORT

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling and distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Amortisation of intangible assets (Note 18)	1,726	6,770	8,549
Depreciation			
— Property, plant and equipment (Note 15) . .	44,574	128,525	348,376
— Right-of-use assets (Note 16)	15,367	16,619	14,563
	59,941	145,144	362,939
Write-down of inventories	3,667	12,368	12,403
Impairment loss on non-current assets classified as held for sale (Note 22)	—	—	25,435
Provision for/(reversal of) impairment losses under expected credit loss (“ECL”) model, net			
— Contract assets	48	(462)	(23)
— Trade, bills and other receivables (Notes 24 and 26)	19,803	51,050	39,357
— Amount due from related companies	239	1,142	(227)
— Long term trade receivables (Note 24)	4,923	9,524	18,437
	25,013	61,254	57,544
Auditor’s remuneration			
— Audit services	1,000	1,100	1,150
— Non-audit services	200	400	390
Direct cost of inventories recognised as an expense	361,078	624,424	667,347
Short-term lease charges	6,301	6,215	6,468
[REDACTED]	—	—	590
Employee benefit expenses (Note 9)	475,030	611,314	544,453

APPENDIX I

ACCOUNTANTS’ REPORT

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and other benefits	377,260	408,823	401,887
Defined contribution retirement scheme	11,112	12,968	13,908
Share-based payment expenses	86,658	189,523	128,658
	<u>475,030</u>	<u>611,314</u>	<u>544,453</u>

(b) Directors’ emoluments

	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023					
Executive directors					
Dr. Chen Ning*	—	2,022	46	—	2,068
Mr. Wang Xiaoyu (<i>Note (a)</i>)	—	521	14	—	535
Mr. Li Jianwen	—	1,005	27	97	1,129
Mr. Ye Weizhong (<i>Note (b)</i>)	—	—	—	—	—
Ms. Kang Li (<i>Note (c)</i>)	—	—	—	—	—
Mr. Deng Haoran	—	1,893	34	4,080	6,007
Mr. Yu Xin (<i>Note (d)</i>)	—	—	—	—	—
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Lin Hui (<i>Note (i)</i>)	100	—	—	—	100
Ms. Gong Yamin (<i>Note (f)</i>)	58	—	—	—	58
Supervisors					
Mr. Yu Kai	—	848	22	—	870
Mr. He Miao (<i>Note j</i>)	—	345	29	486	860
Mr. Chen Xianlu	—	845	24	—	869
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	153	11	169	333
	<u>358</u>	<u>7,632</u>	<u>207</u>	<u>4,832</u>	<u>13,029</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive directors					
Dr. Chen Ning*	—	2,154	51	—	2,205
Mr. Li Jianwen	—	1,113	31	1,216	2,360
Mr. Deng Haoran	—	2,155	42	13,823	16,020
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Yao Pingping (<i>Note (h)</i>)	58	—	—	—	58
Ms. Lin Hui (<i>Note (i)</i>)	42	—	—	—	42
Supervisors					
Mr. Yu Kai	—	932	26	—	958
Mr. Chen Xianlu	—	856	27	—	883
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	309	12	437	758
	300	7,519	189	15,476	23,484
	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Executive directors					
Dr. Chen Ning*	—	2,249	56	—	2,305
Mr. Li Jianwen	—	1,280	37	1,074	2,391
Mr. Deng Haoran	—	1,791	49	12,168	14,008
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Yao Pingping (<i>Note (h)</i>)	100	—	—	—	100
Supervisors					
Mr. Yu Kai	—	545	17	—	562
Mr. Chen Xianlu	—	498	17	—	515
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	175	7	—	182
	300	6,538	183	13,242	20,263

APPENDIX I

ACCOUNTANTS’ REPORT

* *Dr. Chen Ning is also chief executive of the Company.*

Notes:

- (a) Mr. Wang Xiaoyu resigned as an executive director of the Company on 31 July 2023;
- (b) Mr. Ye Weizhong resigned as an executive director of the Company on 31 July 2023;
- (c) Ms. Kang Li resigned as an executive director of the Company on 31 July 2023;
- (d) Mr. Yu Xin resigned as an executive director of the Company on 31 July 2023;
- (e) Ms. Li Jia was appointed as a non-executive director of the Company on 31 July 2023;
- (f) Ms. Gong Yamin resigned as an independent non-executive director of the Company on 31 July 2023;
- (g) Ms. Lu Xiaoting was appointed as a supervisor of the Company on 31 July 2023;
- (h) Ms. Yao Pingping was appointed as an independent non-executive director of the Company on 24 May 2024;
- (i) Ms. Lin Hui resigned as an independent non-executive director on 24 May 2024;
- (j) Mr. He Miao resigned as a supervisor of the Company on 31 July 2023.
- (k) On 28 July 2025, the Company abolished Supervisory Board and amended its Articles; the Board comprises seven directors, including one employee representative elected internally.

10. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2023, 2024 and 2025, the five highest paid individuals included 1, 1 and 1 director, respectively, whose emoluments are disclosed in Note 9(b) above. The aggregate emoluments payable to the remaining 4, 4 and 4 individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonuses, and other benefits	6,278	14,748	6,399
Defined contribution retirement scheme	155	162	141
Share-based payment expenses	23,067	26,503	50,800
	<u>29,500</u>	<u>41,413</u>	<u>57,340</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
HK\$3,500,001 to 4,000,000.	—	—	—
HK\$4,000,001 to 4,500,000.	—	—	—
HK\$4,500,001 to 5,000,000.	—	—	—
HK\$5,000,001 to 5,500,000.	1	—	—
HK\$5,500,001 to 6,000,000.	—	—	1
HK\$6,000,001 to 6,500,000.	1	—	—
HK\$7,000,001 to 7,500,000.	—	1	—
HK\$8,000,001 to 8,500,000.	—	—	—
HK\$8,500,001 to 9,000,000.	—	1	1
HK\$9,000,001 to 9,500,000.	—	1	—
HK\$9,500,001 to 10,000,000.	—	—	1
HK\$10,500,001 to 11,000,000.	2	—	—
HK\$20,000,001 to 20,500,000.	—	1	—
HK\$38,000,001 to 38,500,000.	—	—	1
	<u>4</u>	<u>4</u>	<u>4</u>

11. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest expenses on borrowings	50	2,458	26,885
Interest expenses on lease liabilities.	434	1,430	976
	<u>484</u>	<u>3,888</u>	<u>27,861</u>

12. INCOME TAX

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	159	326	291
Deferred income tax (<i>Note 28</i>)	(779)	(4,634)	(3,156)
Income tax credit	<u>(620)</u>	<u>(4,308)</u>	<u>(2,865)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates is as follow:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Loss before income tax	(384,730)	(576,477)	(414,636)
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	(57,709)	(86,472)	(62,195)
Effect of different tax rates applicable to subsidiaries	(11,459)	(10,343)	(7,601)
Tax effect of			
— non-deductible expenses	8,278	54,612	45,080
— non-taxable income	(3,333)	(4,540)	(548)
— unused tax losses not recognised	87,600	87,601	65,770
— deductible temporary differences not recognised	9,800	4,401	11,451
— deductible temporary differences recognised	(562)	—	—
— utilisation of tax losses previously not recognised	(241)	—	(91)
— over provision in respect of prior years	(19)	—	—
— additional deduction on research and development expenses	(32,975)	(49,567)	(54,731)
Income tax credit	(620)	(4,308)	(2,865)

PRC Enterprise Income Tax (“EIT”)

The income tax provision of certain PRC subsidiaries has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

Certain subsidiaries in the PRC fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, portions of assessable profits of these subsidiaries were subject to the professional income tax rate of 20% for 2023, 2024 and 2025.

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

13. DIVIDEND

No dividend has been paid or declared by the Company during each of the years ended 31 December 2023, 2024 and 2025, and up to the date of this report.

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for loss per share calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic loss per share:

	Year ended 31 December		
	2023	2024	2025
Loss attributable to owners of the Company used in calculating basic loss per share (RMB'000)	(383,117)	(579,047)	(422,194)
Weighted average number of ordinary shares in issue (thousand shares)	332,938	354,226	356,672
Basic loss per share (RMB)	<u>(1.15)</u>	<u>(1.63)</u>	<u>(1.18)</u>

(b) Diluted loss per share

The potential ordinary shares were not included in the calculation of diluted loss per share for the Track Record Period as their impact would be anti-dilutive. Accordingly, diluted loss per share for the Track Record Period are the same as basic loss per share of the respective year.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023						
Cost	70,139	553	19,786	—	14,218	104,696
Accumulated depreciation	(22,781)	(416)	(9,851)	—	(6,870)	(39,918)
Net carrying amount	<u>47,358</u>	<u>137</u>	<u>9,935</u>	<u>—</u>	<u>7,348</u>	<u>64,778</u>
Year ended 31 December 2023						
Opening net carrying amount	47,358	137	9,935	—	7,348	64,778
Additions	14,769	1,050	2,201	285,525	905	304,450
Disposals	(1)	—	(68)	—	—	(69)
Depreciation	(22,593)	(171)	(5,698)	(11,391)	(4,721)	(44,574)
Closing net carrying amount	<u>39,533</u>	<u>1,016</u>	<u>6,370</u>	<u>274,134</u>	<u>3,532</u>	<u>324,585</u>
As at 31 December 2023						
Cost	84,873	1,603	21,843	285,525	11,235	405,079
Accumulated depreciation	(45,340)	(587)	(15,473)	(11,391)	(7,703)	(80,494)

APPENDIX I

ACCOUNTANTS’ REPORT

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount	39,533	1,016	6,370	274,134	3,532	324,585
Year ended 31 December 2024						
Opening net carrying amount	39,533	1,016	6,370	274,134	3,532	324,585
Additions	36,820	619	3,877	1,318,414	1,033	1,360,763
Acquisition of subsidiary (<i>Note 45</i>)	300	376	180	2,950	—	3,806
Transfer to inventories	(784)	—	—	—	—	(784)
Disposals	(27)	—	(137)	—	—	(164)
Depreciation	(26,163)	(784)	(4,324)	(94,251)	(3,003)	(128,525)
Net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
As at 31 December 2024						
Cost	120,769	2,598	25,067	1,606,889	4,814	1,760,137
Accumulated depreciation	(71,090)	(1,371)	(19,101)	(105,642)	(3,252)	(200,456)
Net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
Years ended 31 December 2025						
Opening net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
Additions	94,464	—	3,260	20,848	810	119,382
Transfer to non-current assets classified as held for sale (<i>Note 22</i>)	—	—	—	(50,214)	—	(50,214)
Disposals	(20)	(14)	(35)	—	—	(69)
Depreciation	(37,508)	(527)	(3,044)	(306,439)	(858)	(348,376)
Net carrying amount	106,615	686	6,147	1,165,442	1,514	1,280,404
As at 31 December 2025						
Cost	214,827	3,141	27,843	1,577,523	5,624	1,828,958
Accumulated depreciation	(108,212)	(2,455)	(21,696)	(412,081)	(4,110)	(548,554)
Net carrying amount	106,615	686	6,147	1,165,442	1,514	1,280,404

As at 31 December 2024, a motor vehicle with carrying amount of RMB253,000 was pledged as collateral for the Group’s borrowings. The secured borrowing has been fully repaid on 7 April 2025 and collateral was discharged on 28 July 2025.

As at 31 December 2025, borrowing of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

Impairment assessment

Management has performed an assessment on the Group’s non-current assets, primarily comprising property, plant and equipment and right-of-use assets as at 31 December 2023, 2024 and 2025. In this connection, management reviewed the results of operation of each cash-generating units (“CGUs”) in determining whether any impairment indicator exists with each of the CGUs under review. For those CGUs where an impairment indicator was identified, management assessed the recoverable amount of the CGU based on value-in-use calculation using projected cashflow over the remaining lease term of each CGUs. The determination of the value-in-use calculation of the relevant CGU involves the use of assumptions and estimations such as revenue growth rate, change in operating cost and gross profit margin. Pre-tax discount rates adopted in the impairment assessment as at 31 December 2023, 2024 and 2025 were 11.32%, 10.40% and 9.49% respectively, which was determined based on the market’s weighted average cost of capital.

APPENDIX I

ACCOUNTANTS’ REPORT

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs are higher than the carrying amount.

The Company

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023						
Cost	69,188	285	19,748	—	10,055	99,276
Accumulated depreciation	(22,241)	(271)	(9,821)	—	(4,658)	(36,991)
Net carrying amount	46,947	14	9,927	—	5,397	62,285
Year ended 31 December 2023						
Opening net carrying amount	46,947	14	9,927	—	5,397	62,285
Additions	14,680	1,050	2,201	285,525	905	304,361
Disposals	(2)	—	(68)	—	—	(70)
Depreciation	(22,545)	—	(5,698)	(11,391)	(3,560)	(43,194)
Closing net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
As at 31 December 2023						
Cost	83,831	1,335	21,806	285,525	10,960	403,457
Accumulated depreciation	(44,751)	(271)	(15,444)	(11,391)	(8,218)	(80,075)
Net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
Year ended 31 December 2024						
Opening net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
Additions	36,216	—	3,879	1,332,222	238	1,372,555
Disposals	(800)	—	(145)	—	—	(945)
Depreciation	(25,996)	(249)	(4,270)	(94,462)	(2,207)	(127,184)
Closing net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808

APPENDIX I

ACCOUNTANTS’ REPORT

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2024						
Cost	118,917	1,335	24,849	1,617,747	4,456	1,767,304
Accumulated depreciation	(70,417)	(520)	(19,023)	(105,853)	(3,683)	(199,496)
Net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808
Year ended 31 December 2025						
Opening net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808
Additions	92,415	—	3,259	12,508	320	108,502
Transfer to non-current assets classified as held for sale (<i>Note 22</i>)	—	—	—	(50,214)	—	(50,214)
Disposals	(8)	(14)	(35)	—	—	(57)
Depreciation	(36,670)	(249)	(3,011)	(309,092)	(466)	(349,488)
Closing net carrying amount	104,237	552	6,039	1,165,096	627	1,276,551
As at 31 December 2025						
Cost	211,133	1,050	27,639	1,580,041	4,776	1,824,639
Accumulated depreciation	(106,896)	(498)	(21,600)	(414,945)	(4,149)	(548,088)
Net carrying amount	104,237	552	6,039	1,165,096	627	1,276,551

16. RIGHT-OF-USE ASSETS

The Group

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Leased properties	Electronic devices	Motor vehicles	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	15,409	29	—	15,438
Additions	36,589	240	—	36,829
Lease modifications	(545)	(12)	—	(557)
Depreciation	(15,338)	(29)	—	(15,367)
As at 31 December 2023 and 1 January 2024	36,115	228	—	36,343
Additions	9,793	—	—	9,793
Acquisition of subsidiary	237	—	253	490
Lease modifications	(2,382)	—	—	(2,382)
Depreciation	(16,364)	(48)	(207)	(16,619)
As at 31 December 2024 and 1 January 2025	27,399	180	46	27,625
Additions	14,192	—	—	14,192
Lease modifications	4,417	—	—	4,417
Depreciation	(14,481)	(36)	(46)	(14,563)
As at 31 December 2025	31,527	144	—	31,671

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Leased properties	Electronic devices	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2023	12,654	29	12,683
Additions	34,064	240	34,304
Lease modifications	—	(12)	(12)
Depreciation	(12,717)	(29)	(12,746)
As at 31 December 2023 and 1 January 2024 .	34,001	228	34,229
Additions	5,001	—	5,001
Lease modifications	(2,459)	—	(2,459)
Depreciation	(13,422)	(48)	(13,470)
As at 31 December 2024 and 1 January 2025 .	23,121	180	23,301
Additions	4,567	—	4,567
Lease modifications	4,643	—	4,643
Depreciation	(11,091)	(36)	(11,127)
As at 31 December 2025	21,240	144	21,384

The Group leases various office properties, electronic devices, and motor vehicles. Rental contracts are typically made for fixed periods of one to three years, one to three years and one to four years for the year ended 31 December 2023, 2024 and 2025, respectively.

For details of the impairment assessments, please refer to Note 15.

17. GOODWILL

The Group

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Gross carrying amount	—	20,367	20,367

On 1 April 2024, the Company acquired 51% of equity interests of Shenzhen D-infuture Technologies Co., Ltd. (“D-infuture Tech”) for a cash consideration of RMB60,000,000. The goodwill of RMB20,367,000 resulted from the difference between the total consideration and the fair value of identifiable net assets of D-infuture Tech amounting to RMB39,633,000.

Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combination is allocated to D-infuture Tech (“D-infuture Tech CGU”), which constituted a CGU. In addition to goodwill, property, plant and equipment, right-of-use assets and other intangible assets that generate cash flows together with the related goodwill are included in the D-infuture Tech CGU for the purpose of impairment assessment. As at 31 December 2024 and 2025, the carrying amount of the D-infuture Tech CGU amounted to RMB86,241,000 and RMB135,935,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group engaged an independent qualified professional valuers to assist the preparation of the goodwill impairment assessment. For the year ended 31 December 2024, North Asia Assets Assessment Co., Ltd. (“North Asia”) (北方亞事資產評估有限責任公司) was engaged, while for the year ended 31 December 2025, GeLv (Shanghai) Assets Appraisal Co., Ltd. (格律(上海)資產評估有限公司) was engaged. The change of valuer was made pursuant to the Group’s internal arrangements. The Directors confirm that there was no material disagreement with the former valuer, and the valuation methodologies adopted remained broadly consistent throughout the Track Record Period.

The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period as the key assumptions to the value in use.

	As at 31 December			Valuation technique	Significant unobservable input	As at 31 December		Sensitivity relationship to unobservable input to fair value
	2023	2024	2025			2024	2025	
	RMB’000	RMB’000	RMB’000	RMB’000				
Goodwill	N/A	20,367	20,367	Income approach	Average revenue growth rate	5.50%	2.58%	The higher the growth rate, the higher the value in use
					Perpetual revenue growth rate	0.00%	0.00%	The higher the growth rate, the higher the value in use
					Pre-tax discount rate	9.01%	9.29%	The higher the discount rate, the lower the value in use

The headroom of the recoverable amounts over the carrying amount of the D-infuture Tech as at 31 December 2024 and 2025 are RMB77,311,000 and RMB61,374,000, respectively. As recoverable amounts as at 31 December 2024 and 2025 are significantly above the carrying amount of D-infuture Tech CGU, management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Sensitivity analysis

Management have performed sensitivity analysis on the impairment test of D-infuture Tech. The following table sets forth the hypothetical changes to the percentage points of average annual growth rate of revenue, perpetual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2024 and 2025:

	As at 31 December	
	2024	2025
Average revenue growth rate	-2.03%	-3.43%
Perpetual revenue growth rate	-5.97%	-1.48%
Pre-tax discount rate	3.98%	1.12%

APPENDIX I

ACCOUNTANTS’ REPORT

18. INTANGIBLE ASSETS

The Group

	Software	Copyright, patent and trademark	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2023			
Cost.	6,634	—	6,634
Accumulated amortisation	(4,231)	—	(4,231)
Net carrying amount	2,403	—	2,403
Year ended 31 December 2023			
Opening net carrying amount	2,403	—	2,403
Additions	1,731	—	1,731
Amortisation	(1,726)	—	(1,726)
Closing net carrying amount	2,408	—	2,408
As at 31 December 2023			
Cost.	8,365	—	8,365
Accumulated amortisation	(5,957)	—	(5,957)
Net carrying amount	2,408	—	2,408
Year ended 31 December 2024			
Opening net carrying amount	2,408	—	2,408
Additions	328	—	328
Acquisition of subsidiary (<i>Note 44</i>)	19	39,432	39,451
Amortisation	(855)	(5,915)	(6,770)
Closing net carrying amount	1,900	33,517	35,417
As at 31 December 2024			
Cost.	8,712	39,432	48,144
Accumulated amortisation	(6,812)	(5,915)	(12,727)
Net carrying amount	1,900	33,517	35,417
Year ended 31 December 2025			
Opening net carrying amount	1,900	33,517	35,417
Amortisation	(663)	(7,886)	(8,549)
Closing net carrying amount	1,237	25,631	26,868
As at 31 December 2025			
Cost	8,712	39,432	48,144
Accumulated amortisation	(7,475)	(13,801)	(21,276)
Net carrying amount	1,237	25,631	26,868

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Software
	RMB’000
As at 1 January 2023	
Cost.	6,634
Accumulated amortisation.	(4,231)
Net carrying amount.	2,403
Year ended 31 December 2023	
Opening net carrying amount	2,403
Additions.	1,731
Amortisation	(1,726)
Closing net carrying amount	2,408
As at 31 December 2023	
Cost.	8,365
Accumulated amortisation.	(5,957)
Net carrying amount.	2,408
Year ended 31 December 2024	
Opening net carrying amount	2,408
Amortisation	(821)
Closing net carrying amount	1,587
As at 31 December 2024	
Cost.	8,365
Accumulated amortisation.	(6,778)
Net carrying amount.	1,587
Year ended 31 December 2025	
Opening net carrying amount	1,587
Amortisation	(548)
Closing net carrying amount	1,039
As at 31 December 2025	
Cost	8,365
Accumulated amortisation	(7,326)
Net carrying amount	1,039

19. INTEREST IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted investments.	—	16,714	24,554
At the beginning of the year	—	—	16,714
Addition (<i>Note (a), (b)</i>)	—	20,000	6,500
Share of results, net	—	37	1,340
Unrealised profit.	—	(3,323)	—
At the end of the year.	—	16,714	24,554

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted investments	—	16,714	18,053
At the beginning of the year	—	—	16,714
Addition (<i>Note (a)</i>)	—	20,000	—
Share of results, net	—	37	1,339
Unrealised profit	—	(3,323)	—
At the end of the year	—	16,714	18,053

Note:

- (a) On 27 July 2024, the Group made a cash capital contribution of RMB20,000,000, representing 20% of the total capital contribution in Sichuan Tianfu Intelligent Computing Technologies Co., Ltd. (四川天府智算科技有限公司) (“Tianfu Intelligent Computing”), an entity newly established in the PRC. Tianfu Intelligent Computing is principally engaged in the provision of technology promotion and application services.
- (b) On 5 September 2025, the Group made a cash capital contribution of RMB6,500,000, representing 10% of the total capital contribution in Suining Yunsu Technology Co., Ltd. (遂寧雲速科技有限公司) (“Suining Yunsu”), an entity newly established in the PRC. Suining Yunsu is principally engaged in the provision of technology promotion and application services.

The following table illustrates the summarised financial information in respect of the associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the Historical Financial Information.

Sichuan Tianfu Intelligent Computing Technologies Co., Ltd.

	As at 31 December	
	2024	2025
	RMB’000	RMB’000
Cash and cash equivalents	9,566	8,041
Current assets	9,566	27,444
Non-current assets	116,004	93,351
Current liabilities	(25,386)	(16,169)
Net assets	100,184	104,626
Group’s share in %	20%	20%
Group’s share in RMB	20,037	20,925
Elimination	(3,323)	(2,872)
Carrying amount	16,714	18,053
Revenue	—	25,075
Profit and total comprehensive income for the year	184	4,442

APPENDIX I

ACCOUNTANTS’ REPORT

Suining Yunsu Technology Co., Ltd.

	As at 31 December 2025
	RMB’000
Cash and cash equivalents	459
Current assets	8,481
Non-current assets	38,219
Current liabilities	(53)
Net assets (<i>Note</i>)	46,647
Group’s share in %	10%
Group’s share in RMB	6,501
Carrying amount	6,501
Revenue	343
Profit and total comprehensive income for the year	11

Note:

As at 31 December 2025, the Group held a 10% equity interest in Suining Yunsu. The Group has significant influence over Suining Yunsu through representation on its board of directors, with one director appointed by the Group.

During the reporting period, the Group contributed RMB6,500,000 as capital to Suining Yunsu. Some shareholders have not yet fully paid their portions of the non-callable share capital. Accordingly, as at 31 December 2025, the net assets of RMB46,647,000 of Suining Yunsu which is mainly represent the paid-up capital comprised by the Group’s capital contribution and amounts contributed by other shareholders. After recognising the Group’s 10% shares of Suining Yunsu’s results for the period under the equity method, the carrying amount of the Group’s investment amounted to RMB6,501,000.

During the reporting period ended 31 December 2025, Suining Yunsu commenced operations and recorded income and expenses. The Group accounts for its 10% interest as an associate using the equity method of accounting in according with the Group’s accounting policies set out in Note 3.2.

No indicators of impairment were identified during the period.

20. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products and structured deposits	2,635,574	701,005	882,604

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products and structured deposits	2,632,648	700,053	882,604

Note:

These wealth management products and structured deposits are managed by licensed financial institutions in the PRC and are invested principally in various financial assets.

APPENDIX I

ACCOUNTANTS’ REPORT

21. FINANCIAL ASSETS AT FVTOCI

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Unlisted equity instruments at fair value (Note (a))	67,000	145,248	197,776
Current			
Bills receivables measured at FVTOCI (Note (b))	910	12,843	7,657
	<u>67,910</u>	<u>158,091</u>	<u>205,433</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Unlisted equity instruments at fair value (Note (a))	67,000	145,248	197,776
Current			
Bills receivables measured at FVTOCI (Note (b))	—	2,843	4,731
	<u>67,000</u>	<u>148,091</u>	<u>202,507</u>

Notes:

- (a) Financial assets at FVTOCI include unlisted equity instruments which are not held for trading.
- (b) Certain bills held by the Group and the Company for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date were classified as “bills receivables measured at FVTOCI” under financial assets at FVTOCI in the consolidated statements of financial position. At the end of each reporting period, all the bills are with a maturity period of less than 6 months. The Group and the Company consider the credit risk is limited because counterparties are financial institutions with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Transfer of financial assets

During the Track Record Period, the Group and the Company (i) endorsed certain bills receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable to banks for raising of cash. In the opinion of the directors, the Group and the Company have transferred substantially all the risks and rewards relating to these bills receivable, and the Group’s and the Company’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC or the risk of default in payment of the endorsed or discounted bills receivable is low because all endorsed and discounted bills receivable are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised in the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2025, the Company committed to a plan to sell certain machinery and equipment located in the PRC. In the opinion of the directors, the disposal of these assets is expected to be completed within twelve months from the end of the reporting period.

As a result, these assets with aggregate carrying amount of RMB50,214,000 immediately prior to the classification as held for sale was written down to its fair value less cost to sell of RMB24,779,000 and classified as non-current assets classified as held for sale during the year. Impairment loss of RMB25,435,000 was recognised accordingly.

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw material	—	—	44,782
Finished goods	113,829	171,094	166,663
Contract fulfilment cost	19,093	36,756	32,086
Work in progress	2,986	41,560	42,405
	<u>135,908</u>	<u>249,410</u>	<u>285,936</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finished goods	88,336	136,428	109,620
Contract fulfilment cost	12,607	11,767	12,049
Work in progress	2,986	3,549	14,305
	<u>103,929</u>	<u>151,744</u>	<u>135,974</u>

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current assets			
Long-term trade receivables	164,600	103,454	94,083
Less: ECL allowance	(20,169)	(29,693)	(48,130)
	<u>144,431</u>	<u>73,761</u>	<u>45,953</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current assets			
Trade receivables	551,215	838,891	806,114
Less: ECL allowance	(62,079)	(101,379)	(126,513)
Trade receivables, net	489,136	737,512	679,601
Bills receivables	279	3,898	2,957
Less: ECL allowance	(14)	(90)	—
Bills receivables, net.	265	3,808	2,957
	489,401	741,320	682,558

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current assets			
Long-term trade receivables	37,805	18,502	14,264
Less: ECL allowance	(10,521)	(10,487)	(14,264)
	27,284	8,015	—

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current assets			
Trade receivables	361,858	276,380	244,930
Less: ECL allowance	(45,494)	(61,636)	(81,296)
Trade receivables, net	316,364	214,744	163,634
Bills receivables	279	2,119	157
Less: ECL allowance	(14)	(90)	—
Bills receivables, net.	265	2,029	157
	316,629	216,773	163,791

The credit period granted to customers is generally ranging from 30 days to 2 years during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0–90 days	323,976	383,271	342,317
91–180 days	63,347	28,886	53,167
181–270 days	44,959	43,839	54,146
271–360 days	9,175	43,343	13,743
1 to 2 years	122,440	214,997	156,753
Over 2 years	69,670	96,937	105,428
	<u>633,567</u>	<u>811,273</u>	<u>725,554</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0–90 days	175,654	31,979	10,491
91–180 days	18,142	19,665	1,453
181–270 days	17,329	6,027	27,411
271–360 days	6,864	9,992	12,416
1 to 2 years	69,642	87,608	34,977
Over 2 years	56,017	67,488	76,886
	<u>343,648</u>	<u>222,759</u>	<u>163,634</u>

Movements in ECL allowance on trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	58,943	82,248	131,072
ECL allowance recognised, net (<i>Note</i>)	23,310	44,006	43,571
Acquisition of subsidiary	—	4,850	—
Written off	(5)	(32)	—
At the end of the year	<u>82,248</u>	<u>131,072</u>	<u>174,643</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	43,287	56,015	72,123
ECL allowance recognised, net (<i>Note</i>)	12,728	16,109	23,437
Written off	—	(1)	—
At the end of the year	56,015	72,123	95,560

Note:

Information about the impairment provision of trade receivables and the Group’s exposure to credit risk are set out in Note 44.

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets	13,264	11,014	9,383
Less: ECL allowance	(1,531)	(1,069)	(1,046)
	11,733	9,945	8,337

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets	10,599	1,837	2,031
Less: ECL allowance	(1,292)	(259)	(401)
	9,307	1,578	1,630

Contract assets primarily arise from the provision of maintenance warranty services. They represent the Group’s and the Company’s right to consideration for services rendered that is conditional on the satisfaction of certain performance obligations.

In some cases, a portion of the consideration is contractually deferred and only becomes receivable upon the completion of a specified service period (such as a warranty or maintenance period), during which the Group and the Company are required to ensure continued satisfactory performance. This deferred portion is recognised as a contract asset and is reclassified to trade receivables when the right to receive payment becomes unconditional, such as upon the expiry of the warranty period.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Contract liabilities

Contract liabilities represent the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities			
Advance payments from customers	44,888	63,748	72,182

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities			
Advance payments from customers	34,612	38,327	20,948

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing goods and services.

Amounts of RMB20,636,000, RMB36,745,000 and RMB48,860,000 of contract liabilities at the beginning of 2023, 2024 and 2025, respectively, were recognised as revenue during the Track Record Period.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Prepayments (<i>Note (a)</i>)	93,333	42,463	17,782
Current			
Prepayments (<i>Note (b)</i>)	59,778	43,844	52,476
Other tax receivables (<i>Note (c)</i>)	16,243	223,731	225,455
Deposits and other receivables	27,582	69,523	74,476
Less: ECL allowance	(4,705)	(21,359)	(35,672)
	98,898	315,739	316,735
	192,231	358,202	334,517

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Prepayments (<i>Note (a)</i>)	93,333	42,463	17,405
Current			
Prepayments (<i>Note (b)</i>)	59,462	79,254	34,863
Other tax receivables (<i>Note (c)</i>)	12,802	171,029	209,532
Deposits and other receivables	8,620	39,894	63,721
Less: ECL allowance	(3,585)	(18,734)	(45,646)
	77,299	271,443	262,470
	170,632	313,906	279,875

Notes:

- (a) These represent advance payments for purchase of property, plant and equipment.
- (b) These represent advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.
- (c) The amounts represent prepaid tax and surcharges levied.

27. AMOUNTS DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Trade nature):			
Amount due from the company with common director	660	—	—
Less: ECL allowance	(296)	—	—
	364	—	—
Amount due from the shareholder of the Company	1,913	757	—
Less: ECL allowance	(192)	(227)	—
	1,721	530	—
Amount due from an associate	—	28,059	14,033
Less: ECL allowance	—	(1,403)	(1,403)
	—	26,656	12,630
Total amounts due from related parties	2,085	27,186	12,630

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Trade nature):			
Amount due from the company with common director.	660	—	—
Less: ECL allowance	(296)	—	—
	364	—	—
Amount due from the shareholder of the Company.	1,913	757	—
Less: ECL allowance	(192)	(227)	—
	1,721	530	—
Amounts due from subsidiaries	360,686	514,886	487,738
Amounts due to subsidiaries	19,295	563,016	538,473
(Non-trade nature):			
Amounts due from subsidiaries	373,820	554,305	787,341
Amounts due to subsidiaries	8,565	17,985	29,824

Note:

The amounts due from/(to) subsidiaries/related companies are unsecured, interest-free and recoverable/repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

28. CASH AND CASH EQUIVALENTS, TIME DEPOSIT AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
— Cash at bank	523,611	908,930	1,501,959
— Cash in hand	—	7	7
	523,611	908,937	1,501,966
Restricted bank deposits (<i>Note</i>)	30,933	17,802	20,048
Time deposit	250,000	—	80,293
	804,544	926,739	1,602,307

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
— Cash at bank	461,117	825,735	1,446,377
Restricted bank deposits (<i>Note</i>)	30,933	17,802	18,385
Time deposit	250,000	—	—
	742,050	843,537	1,464,762

Note:

Restricted bank deposits include bank deposits with original maturities over three months and due within one year and guarantee deposits for letter of bank acceptance notes, letters of guarantee, letters of credit and issuance of bills payable.

29. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Deferred tax assets	6,428	13,031	11,542
Deferred tax liabilities	(5,578)	(9,256)	(8,386)
	850	3,775	3,156

APPENDIX I

ACCOUNTANTS’ REPORT

The Group

The movements in deferred tax (assets) and liabilities during the Track Record Period are as follows:

	Tax losses	Appreciation of assets acquired in business combinations	Fair value adjustments of equity instruments at fair value through other comprehensive income	Loss allowance and impairment provision	Right-of-use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	—	—	(133)	2,572	(2,510)	(71)
(Charged)/credited to profit or loss	—	—	—	(765)	3,006	(3,020)	(779)
As at 31 December 2023 and 1 January 2024	—	—	—	(898)	5,578	(5,530)	(850)
Acquisition of subsidiary	(3,490)	6,104	—	(872)	(107)	74	1,709
(Charged)/credited to profit or loss	(244)	(1,076)	—	(3,276)	(1,243)	1,205	(4,634)
As at 31 December 2024 and 1 January 2025	(3,734)	5,028	—	(5,046)	4,228	(4,251)	(3,775)
(Charged)/credited to profit or loss	(2,104)	(1,183)	—	(641)	(4,167)	4,233	(3,862)
Credited to other comprehensive income	—	—	4,481	—	—	—	4,481
As at 31 December 2025	(5,838)	3,845	4,481	(5,687)	61	(18)	(3,156)

The Company

The movements in deferred tax (assets) during the Track Record Period are as follows:

	Fair value adjustments of equity instruments at fair value through other comprehensive income	Right-of-use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	1,903	(1,903)	—
Recognised/(reversed) in profit or loss	—	3,231	(3,231)	—
As at 31 December 2023 and 1 January 2024	—	5,134	(5,134)	—
(Reversed)/recognised in profit or loss	—	(1,639)	1,639	—
As at 31 December 2024 and 1 January 2025	—	3,495	(3,495)	—
(Reversed)/recognised in profit or loss	—	(3,479)	3,495	16
Credited to other comprehensive income	4,481	—	—	4,481
As at 31 December 2025	4,481	16	—	4,497

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that sufficient taxable profits generated from continuing operations will not be available in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	2,625,657	3,105,401	3,510,347
Other temporary differences	699,424	728,764	851,298
	<u>3,325,081</u>	<u>3,834,165</u>	<u>4,361,645</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	1,998,682	2,399,720	2,643,773
Other temporary differences	229,957	301,430	430,437
	<u>2,228,639</u>	<u>2,701,150</u>	<u>3,074,210</u>

The Group has unused tax losses of approximately RMB2,625,657,000, RMB3,128,510,000 and RMB3,547,634,000 as at 31 December 2023, 2024 and 2025, respectively, available for offset against future profits. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams excepted approximately RMB3,734,000 and RMB5,579,000 has been recognised deferred tax asset in 2024 and 2025. Included in unrecognised tax losses are losses of approximately RMB274,000, RMB400,000 and RMB2,380,000, respectively, can be carried forward indefinitely, and unrecognised tax losses of approximately RMB2,625,657,000, RMB3,105,000,000 and RMB3,503,000,000 respectively, that will expire in one to ten years, included approximately RMB13,300,000 and RMB4,580,000 for the year ended 31 December 2023 and 2024, unrecognised tax losses has been expired.

30. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	245,860	464,454	371,289
Bills payables.	323	855	41,725
	<u>246,183</u>	<u>465,309</u>	<u>413,014</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	199,030	192,748	133,636
Bills payables	321	854	500
	<u>199,351</u>	<u>193,602</u>	<u>134,136</u>

At the end of each reporting period, all bills payables were not matured.

The credit period obtained from suppliers is generally ranging from 30 days to 2 years during the Track Record Period.

The aging analysis of trade payables (based on invoice date), is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	199,453	394,441	238,549
Over 1 year but within 2 years	16,026	43,230	97,255
Over 2 years but within 3 years	19,422	8,185	19,743
Over 3 years but within 4 years	10,650	8,666	4,929
Over 4 years but within 5 years	309	9,623	5,670
Over 5 years	—	309	5,143
	<u>245,860</u>	<u>464,454</u>	<u>371,289</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	155,274	130,996	35,685
Over 1 year but within 2 years	15,109	35,496	66,147
Over 2 years but within 3 years	17,717	7,689	16,094
Over 3 years but within 4 years	10,621	8,664	4,929
Over 4 years but within 5 years	309	9,594	5,667
Over 5 years	—	309	5,114
	<u>199,030</u>	<u>192,748</u>	<u>133,636</u>

APPENDIX I

ACCOUNTANTS’ REPORT

31. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax liabilities	6,706	20,375	10,289
Staff cost payables	90,938	87,432	113,300
Accrued expenses	12,400	39,810	13,640
Dividend payable	—	14,645	—
Deposits received and other payables	3,683	8,085	10,475
	<u>113,727</u>	<u>170,347</u>	<u>147,704</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax liabilities	885	1,254	1,206
Staff cost payables	64,338	62,221	74,746
Accrued expenses	10,423	38,059	12,425
Deposits received and other payables	1,480	4,595	5,189
	<u>77,126</u>	<u>106,129</u>	<u>93,566</u>

32. BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Credit loan (<i>Note (a)</i>)	—	108,491	130,069
Guaranteed loan (<i>Note (b)</i>)	—	49,743	33,091
Guaranteed, pledged and mortgaged loan (<i>Note (d)</i>)	—	—	660,486
Pledged loan (<i>Note (c)</i>)	—	66	—
Total borrowings	—	158,300	823,646
Less: current portion			
Credit loan (<i>Note (a)</i>)	—	(64,776)	(130,069)
Guaranteed loan (<i>Note (b)</i>)	—	(7,709)	(33,091)
Guaranteed, pledged and mortgaged loan (<i>Note (d)</i>)	—	—	(340,250)
Pledged loan (<i>Note (c)</i>)	—	(66)	—
	<u>—</u>	<u>(72,551)</u>	<u>(503,410)</u>
Non-current portion borrowings	<u>—</u>	<u>85,749</u>	<u>320,236</u>

As at 31 December 2024 and 2025, the borrowings bear effective interest rates from 2.50% to 5.99% per annum and 2.50% to 3.50% per annum, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) As at 31 December 2024 and 2025, banking facilities amounting to RMB358,400,000 and RMB1,016,784,000 had not been utilised, respectively.
- (b) As at 31 December 2024 and 2025, loan of RMB42.0 million and nil was guaranteed by one of subsidiaries, respectively, and loan of RMB7,709,000 and RMB33,091,000 was guaranteed by a non-controlling shareholder of that subsidiary, respectively. Management expects the guarantees to remain until the underlying loans are repaid and does not intend to remove them prior to [REDACTED]. The Group maintains sufficient liquidity to meet its obligations.
- (c) As at 31 December 2024, the loan was secured by pledge of a motor vehicle with carrying amount of RMB253,000, the pledged borrowing has been fully repaid on 7 April 2025 and the pledge was discharged on 28 July 2025.
- (d) As at 31 December 2025, the loan of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Credit loan (<i>Note (a)</i>)	—	100,283	130,069
Guaranteed, pledged and mortgaged loan (<i>Note (b)</i>)	—	—	660,486
Total borrowings	—	100,283	790,555
Less: current portion			
Credit loan (<i>Note (a)</i>)	—	(50,263)	(130,069)
Guaranteed, pledged and mortgaged loan (<i>Note (b)</i>)	—	—	(340,250)
	—	(50,263)	(470,319)
Non-current portion borrowings	—	50,020	320,236

Notes:

- (a) As at 31 December 2023, 2024 and 2025, banking facilities amounted to nil, RMB250,000,000 and RMB770,000,000 had not been utilised.
- (b) As at 31 December 2025, the loan of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

During the Track Record Period, the Group did not breach any financial covenants under the agreements of borrowings. The Group’s and the Company’s borrowings were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed as:			
— Within 1 year.	—	72,551	503,410
— Over 1 year but within 2 years	—	58,427	320,236
— Over 2 years but within 5 years	—	27,322	—
	—	158,300	823,646

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed as:			
— Within 1 year.	—	50,263	470,319
— Over 1 year but within 2 years	—	50,020	320,236
— Over 2 years but within 5 years	—	—	—
	—	100,283	790,555

33. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total minimum lease payments:			
— Within 1 year.	15,077	16,076	16,830
— Over 1 year but within 2 years	12,352	14,054	12,128
— Over 2 years but within 5 years	11,485	455	6,200
	38,914	30,585	35,158
Future interest expense on lease liabilities . . .	(2,241)	(1,243)	(1,395)
Present value of lease liabilities	36,673	29,342	33,763

The following table shows the remaining contractual maturities of the Group’s lease liabilities:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year.	13,817	15,159	15,926
— Over 1 year but within 2 years	11,616	13,732	11,680
— Over 2 years but within 5 years	11,240	451	6,157
	36,673	29,342	33,763
Less: portion due within one year included under current liabilities.	(13,817)	(15,159)	(15,926)
Portion due after one year included under non-current liabilities	22,856	14,183	17,837

The total cash outflows for the leases, including payment for short-term leases, for the years ended 31 December 2023, 2024 and 2025 were RMB17,938,000, RMB17,742,000 and RMB15,907,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year.	13,281	13,118	10,982
— Over 1 year but within 2 years	12,155	12,490	8,884
— Over 2 years but within 5 years	11,485	130	4,565
	36,921	25,738	24,431
Future interest expense on lease liabilities . . .	(2,201)	(1,072)	(1,028)
Present value of lease liabilities	34,720	24,666	23,403

The following table shows the remaining contractual maturities of the Company’s lease liabilities:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year.	12,058	12,330	10,348
— Over 1 year but within 2 years	11,422	12,208	8,539
— Over 2 years but within 5 years	11,240	128	4,516
	34,720	24,666	23,403
Less: portion due within one year included under current liabilities	(12,058)	(12,330)	(10,348)
Portion due after one year included under non-current liabilities	22,662	12,336	13,055

The total cash outflows for the leases, including payment for short-term leases, for the years ended 31 December 2023, 2024 and 2025 were RMB15,169,000, RMB14,632,000 and RMB11,582,000, respectively.

34. DEFERRED INCOME

Deferred income represents the grants received from certain PRC governmental departments to encourage innovation and technology development. Those grants will be released to profit or loss throughout the useful life of the related assets on straight-line basis.

During the years ended 31 December 2023, 2024 and 2025, government grants of RMB53,079,000, RMB87,590,000 and RMB136,940,000 were released to profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

35. SHARE CAPITAL AND TREASURY SHARES

(a) Issued share capital of the Company

	Number of ordinary shares	Nominal value of shares
	'000	RMB'000
Issued and fully paid:		
Ordinary shares of RMB 1 each		
Balance at 1 January 2023	266,350	266,350
Issue of shares	88,784	88,784
Balance at 31 December 2023, 31 December 2024 and 1 January 2025	355,134	355,134
Shares issued under share option scheme	3,693	3,693
Balance at 31 December 2025	358,827	358,827

(b) Treasury shares

	Number of treasury shares	Nominal value of shares
	'000	RMB'000
Balance at 1 January 2023, 31 December 2023 and 1 January 2024	—	—
Repurchase of own shares	1,433	39,457
Balance at 31 December 2024, 1 January 2025 and 31 December 2025	1,433	39,457

36. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Restricted share award scheme

On 6 May 2020, the Group adopted a share award scheme (the “Restricted Share Award Scheme”) for the purpose of recognising employees contributions, incentivising retention to support the Group’s ongoing operations and development, and attracting suitable talent for future growth.

Pursuant to the Restricted Share Award Scheme, restricted shares (“Restricted Shares”) are transferred by certain existing shareholders to an employee shareholding platform (the “ESOP Platform”), and the ESOP Platform also holds equity in the Company through a capital contribution by certain of its members. The ESOP Platform, which is managed by a governing body comprising senior management and employee representatives, holds the Restricted Shares on trust for the benefit of the grantees. The Restricted Shares will vest in accordance with the terms of the scheme.

The vesting of the Restricted Shares is subject to a combination of performance targets and service conditions, including individual performance assessments and the length of service of the employees. The service condition usually requires a minimum continuous employment period of 1 year or above, as determined by the Company from time to time.

The fair value of the Restricted Shares at the grant date is determined based on the market price of the Company’s shares with reference to either (i) the price of the latest equity financing prior to the grants, or (ii) the closing quoted price of the Company’s shares at the grant date.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *The movements of outstanding awarded shares are as follows:*

Restricted shares

	As at 31 December		
	2023	2024	2025
Outstanding at the beginning of the year	16,355,621	12,691,811	3,526,540
Granted during the year	—	247,580	744,800
Exercised during the year	(3,515,178)	(8,893,558)	(744,800)
Forfeited during the year	(148,632)	(519,293)	—
Outstanding at the end of the year	<u>12,691,811</u>	<u>3,526,540</u>	<u>3,526,540</u>
Weighted average grant date fair value per share (RMB)	<u>25.99</u>	<u>26.10</u>	<u>26.53</u>
Vested and exercisable	<u>—</u>	<u>—</u>	<u>—</u>

The fair value of the Restricted Shares at the respective grant dates ranged from RMB23.25 per share to RMB46.69 per share.

For the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based payment expenses of approximately RMB78,433,000, RMB83,164,000 and RMB48,768,000 respectively, in relation to the Restricted Shares granted under the Restricted Share Award Scheme.

The amount was recognised as staff costs in the consolidated statements of profit or loss, with a corresponding credit to share-based payment reserve within equity. The expenses were recognised over the respective vesting periods based on the estimated number of Restricted Shares expected to vest, and were subject to adjustment for actual forfeitures and performance outcomes.

(b) 2023 Restricted A Shares Incentive Scheme

The Company has a share option scheme which was adopted on 6 December 2023 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at RMB28.14 consideration for each lot of share options granted to subscribe for shares of the Company.

The options vest after meeting the vesting conditions and are then exercisable within a period of 1 year. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) *The terms and conditions of the grants are as follows:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors: — 6 December 2023	900,000	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 30 months, the other is 42 months from the date of grant

APPENDIX I

ACCOUNTANTS’ REPORT

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
— 6 December 2023	8,487,500	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 30 months, the other is 42 months from the date of grant
— 25 April 2024	71,400	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 24 months, the other is 36 months from the date of grant
— 26 August 2024	1,602,700	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 24 months, the other is 36 months from the date of grant
Total share options granted	<u>11,061,600</u>		

The number of share options are as follows:

	2023	2024	2025
Outstanding at the beginning of the year	—	9,387,500	9,740,900
Granted during the year	9,387,500	1,674,100	—
Exercised during the year	—	—	(3,692,940)
Forfeited during the year.	—	(1,320,700)	(728,400)
Outstanding at the end of the year.	<u>9,387,500</u>	<u>9,740,900</u>	<u>5,319,560</u>
Weighted average fair value per share (RMB).	<u>27.58</u>	<u>23.08</u>	<u>19.46</u>
Vested and exercisable	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average exercise price (RMB)	28.14	28.14	28.14
Remaining contractual life of options (months)	29~41	17~32	5~20

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted on 6 December 2023 is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured using a Black-Scholes Model as at the date of grant. Such fair values are subject to a number of limitations, due to the subjective nature of and uncertainty relating to a number of assumptions under the Black-Scholes Model. The assumptions used in the valuation of the share options

APPENDIX I

ACCOUNTANTS’ REPORT

granted on 6 December 2023, 25 April 2024 and 26 August 2024 have been disclosed below. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Granted on 6 December 2023

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	54.68 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	6 December 2023
Vesting period (months)	18 months or 30 months
Contractual life of options (<i>months</i>)	30 months or 42 months

Granted on 25 April 2024

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	28.90 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	25 April 2024
Vesting period (months)	12 months or 24 months
Contractual life of options (<i>months</i>)	24 months or 36 months

Granted on 26 August 2024

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	23.03 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	26 August 2024
Vesting period (months)	12 months or 24 months
Contractual life of options (<i>months</i>)	24 months or 36 months

	Share options		
	Lot 1	Lot 2	Lot 3
First exercise date	6 June 2025/6 June 2026	25 April 2025/25 April 2026	26 August 2025/26 August 2026
Maturity date	5 June 2026/5 June 2027	24 April 2026/24 April 2027	25 August 2026/25 August 2027
Expected volatility (%)	12.84/14.44	13.47/13.76	12.88/12.94
Risk-free interest rate (%)	1.50/2.10	1.50/2.10	1.50/2.10
Fair value (<i>RMB</i>)	127,529,000/131,331,000	78,000/116,000	88,000/393,000

Notes:

- (i) The expected volatility is based on the historic volatility, which is calculated based on the weighted average remaining life of the share options and adjusted for any expected changes to future volatility based on publicly available information.
- (ii) The expected dividend yield is based on the dividend payout in the previous year and the average share price in the preceding year.

(c) 2025 Restricted A Shares Incentive Scheme

The Company has a share option scheme which was adopted on 1 December 2025 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at RMB39.35 consideration for each lot of share options granted to subscribe for shares of the Company.

APPENDIX I

ACCOUNTANTS’ REPORT

The options vest after meeting the vesting conditions and are then exercisable within a period of 1 year. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees: — 1 December 2025	3,180,900	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest	50% of the options is 24 months, the other is 36 months from the date of grant
Total share options granted	<u>3,180,900</u>		

The number of share options are as follows:

	2025
Outstanding at the beginning of the year	—
Granted during the year	3,180,900
Exercised during the year	—
Forfeited during the year.	—
Outstanding at the end of the year.	<u>3,180,900</u>
Weighted average fair value per share (RMB).	<u>37.59</u>
Vested and exercisable	<u>—</u>
Weighted average exercise price (RMB).	39.35
Remaining contractual life of options (months).	23~35

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted on 1 December 2025 is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured using a Black-Scholes Model as at the date of grant. Such fair values are subject to a number of limitations, due to the subjective nature of and uncertainty relating to a number of assumptions under the Black-Scholes Model. The assumptions used in the valuation of the share options granted on 1 December 2025, has been disclosed below. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Granted on 1 December 2025

Fair value of share options and assumptions are as follows:

Share price (RMB)	75.83 per share
Exercise price (RMB)	39.35 per share
Grant date	1 December 2025
Vesting period (months)	12 months or 24 months
Contractual life of options (months).	24 months or 36 months

APPENDIX I

ACCOUNTANTS’ REPORT

	Share options	
	Lot 1	
First exercise date	1 December 2026/1	December 2027
Maturity date	1 December 2027/1	December 2028
Expected volatility (%)		11.24/15.04
Risk-free interest rate (%)		1.50/2.10
Fair value (RMB)	58,958,000/60,596,000	

Notes:

- (i) The expected volatility is based on the historic volatility, which is calculated based on the weighted average remaining life of the share options and adjusted for any expected changes to future volatility based on publicly available information.
- (ii) The expected dividend yield is based on the dividend payout in the previous year and the average share price in the preceding year.

37. SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2023, 2024 and 2025 were RMB1,707,000 (deficit), RMB9,283,000 and RMB19,651,000 respectively.

Details of the Group’s subsidiary that has a material non-controlling interest are set out below:

	As at 31 December	
	2024	2025
Percentage of equity interest held by non-controlling interest:		
D-infuture Tech (<i>Note</i>)	49%	49%

Summarised statements of financial position

	As at 31 December	
	2024	2025
	RMB’000	RMB’000
Current		
Assets	252,742	291,675
Liabilities	(251,448)	(284,272)
Total current net assets	1,294	7,403
Non-current		
Assets	18,076	27,222
Liabilities	(1,554)	(363)
Total non-current net assets	16,522	26,859
Net assets attributable to the shareholders of D-infuture Tech . . .	17,816	34,262
Accumulated non-controlling interest	8,730	19,194

APPENDIX I

ACCOUNTANTS’ REPORT

Summarised statements of profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2025
	RMB’000	RMB’000
Revenue	482,498	580,925
Profit before income tax	9,856	13,510
Income tax credit	1,757	2,186
Total profit and comprehensive income attributable to the shareholders of D-infuture Tech	11,613	15,696
Distribution to non-controlling interests	5,690	10,464

Summarised statements of cash flows

	Year ended 31 December	
	2024	2025
	RMB’000	RMB’000
Net cash generated from operating activities	8,510	1,430
Net cash generated from/(used in) investing activities	6,183	(10,564)
Net cash (used in)/generated from financing activities	(2,889)	726
Net increase/(decrease) in cash and cash equivalents	11,804	(8,408)
Cash and cash equivalents at 1 January	6,076	17,880
Cash and cash equivalents at 31 December	17,880	9,472

Note:

As at 31 December 2024 and 2025, the non-controlling interest held 67% beneficial interest in D-infuture Tech. However, the voting interest attributable to the non-controlling interest amount to 49%.

APPENDIX I

ACCOUNTANTS’ REPORT

38. RESERVES

The Group

During the Track Record Period, the amounts in the Group’s reserves and the changes therein are presented consolidated statements of changes in equity.

The Company

	Share premium	Treasury shares	Shared-based payment reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	1,385,595	—	719,447	—	(922,378)	1,182,664
Loss for the year	—	—	—	—	(250,492)	(250,492)
Other comprehensive loss for the year	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	(250,492)	(250,492)
Share-based payment expenses	—	—	86,658	—	—	86,658
Issue of shares	3,494,754	—	—	—	—	3,494,754
As at 31 December 2023 and 1 January 2024	4,880,349	—	806,105	—	(1,172,870)	4,513,584
Loss for the year	—	—	—	—	(442,064)	(442,064)
Other comprehensive loss for the year	—	—	—	(12,652)	—	(12,652)
Total comprehensive loss for the year	—	—	—	(12,652)	(442,064)	(454,716)
Share repurchase	—	(39,457)	—	—	—	(39,457)
Share-based payment expenses	—	—	189,523	—	—	189,523
As at 31 December 2024 and 1 January 2025	4,880,349	(39,457)	995,628	(12,652)	(1,614,934)	4,208,934
Loss for the year	—	—	—	—	(282,891)	(282,891)
Other comprehensive income for the year	—	—	—	38,047	—	38,047
Total comprehensive income/(loss) for the year	—	—	—	38,047	(282,891)	(244,844)
Share-based payment expenses	—	—	128,658	—	—	128,658
Shares issued under share option scheme	203,087	—	(102,861)	—	—	100,226
As at 31 December 2025	5,083,436	(39,457)	1,021,425	25,395	(1,897,825)	4,192,974

APPENDIX I

ACCOUNTANTS’ REPORT

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

	Borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
	(Note 32)	(Note 33)	
As at 1 January 2023	—	16,794	16,794
Finance costs	50	434	484
Lease modifications	—	(550)	(550)
New leases	—	36,829	36,829
Payment of lease liabilities	—	(17,039)	(17,039)
Interest paid on lease liabilities	—	(434)	(434)
Other movements	(50)	639	589
As at 31 December 2023 and 1 January 2024	—	36,673	36,673
Finance costs	2,458	1,430	3,888
Lease modifications	—	(2,480)	(2,480)
New leases	—	9,793	9,793
Acquisition of subsidiary	19,823	716	20,539
Payment of lease liabilities	—	(15,802)	(15,802)
Repayment of bank loans	(9,033)	—	(9,033)
New bank loans raised	147,200	—	147,200
Interest paid	(2,722)	(1,430)	(4,152)
Other movements	574	442	1,016
As at 31 December 2024 and 1 January 2025	158,300	29,342	187,642
Finance costs	26,885	976	27,861
Lease modifications	—	4,421	4,421
New Leases	—	14,192	14,192
Payment of lease liabilities	—	(14,192)	(14,192)
Repayment of bank loans	(457,276)	—	(457,276)
New bank loans raised	1,122,150	—	1,122,150
Interest paid	(26,469)	(976)	(27,445)
Other movements	56	—	56
As at 31 December 2025	<u>823,646</u>	<u>33,763</u>	<u>857,409</u>

APPENDIX I

ACCOUNTANTS’ REPORT

40. COMMITMENTS

Capital commitments

Capital commitments contracted but not provided for in the Historical Financial Information are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted, but not provided for, net of deposits/investments paid			
— Property, plant and equipment	215,250	—	193
— Investments to be paid	26,256	10,000	150,000

41. RELATED PARTY TRANSACTIONS

Balance and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related companies are disclosed below.

For detailed information of subsidiaries, associate and related companies of the Company, please refer to Note 1, Note 19 and Note 27.

(a) Transactions with related companies

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales transactions			
— An associate	—	86,835	—
— An entity with common shareholder	—	—	1,877
	—	86,835	1,877

(b) Key management personnel compensation

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees, salaries, allowances, discretionary bonuses and other benefits	13,597	13,716	12,962
Defined contribution retirement scheme	339	333	342
Share-based payment expenses	7,609	23,933	27,611
	21,545	37,982	40,915

APPENDIX I

ACCOUNTANTS’ REPORT

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument at the end of each reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets measured at amortised cost			
— Long-term trade receivables	144,431	73,761	45,953
— Trade and bills receivables	489,401	741,320	682,558
— Deposits and other receivables	22,877	48,164	38,804
— Amount due from related companies	2,085	27,186	12,630
— Cash and cash equivalents	523,611	908,937	1,501,966
— Restricted bank deposits	280,933	17,802	20,048
Financial assets at FVTPL			
— Wealth management products and structured deposits	2,635,574	701,005	882,604
Financial assets at FVTOCI			
— Unlisted equity instruments at fair value	67,000	145,248	197,776
— Bills receivables measured at FVTOCI	910	12,843	7,657
	<u>4,166,822</u>	<u>2,676,266</u>	<u>3,389,996</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
— Trade and bills payables	246,183	465,309	413,014
— Other payables and accruals	113,727	170,347	147,704
— Borrowings	—	158,300	823,646
— Lease liabilities	36,673	29,342	33,763
	<u>396,583</u>	<u>823,298</u>	<u>1,418,127</u>

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents the fair value of the Group’s financial instruments measured during the Track Record Period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Fair value hierarchy

As at 31 December 2023 and 2024 and 2025, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	2,635,574	—	2,635,574
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	67,000	—	67,000
— Bills receivables measured at FVTOCI	—	910	—	910
	—	2,703,484	—	2,703,484
As at 31 December 2024				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	701,005	—	701,005
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	50,900	94,348	145,248
— Bills receivables measured at FVTOCI	—	12,843	—	12,843
	—	764,748	94,348	859,096
As at 31 December 2025				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	882,604	—	882,604
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	62,650	135,126	197,776
— Bills receivables measured at FVTOCI	—	7,657	—	7,657
	—	952,911	135,126	1,088,037

APPENDIX I

ACCOUNTANTS’ REPORT

The following table presents the changes in Level 3 fair value hierarchy for the Track Record Period:

	Level 3
	Unlisted equity instruments measured at FVTOCI
	RMB’000
As at 1 January 2023, 31 December 2023 and 1 January 2024	—
Transfer	107,000
Fair value loss, net	(12,652)
As at 31 December 2024 and 1 January 2025	94,348
Fair value gain, net	40,778
As at 31 December 2025	135,126

During the year ended 31 December 2024, there was approximately RMB107,000,000 unlisted equity instruments measured at FVTOCI transfer from Level 2 to Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement mainly included wealth management products and structured deposits and unlisted equity instruments measured at FVTOCI are evaluated by recent market transaction price and bill receivables measured at FVTOCI are evaluated by discounted cashflow approach.

Assets classified under Level 3 fair value measurement primarily consist of equity investments in unlisted entities, which are accounted for at FVTOCI. These assets are predominantly valued using the market approach. The classification within Level 3 of the fair value hierarchy is determined based on the significance of unobservable inputs in the overall fair value determination.

The information of fair value measurements for Level 3 as at 31 December 2023, 2024 and 2025 is as follows:

	As at 31 December			Valuation technique	Significant unobservable input	As at 31 December		Sensitivity relationship to unobservable input
	2023	2024	2025			2024	2025	
	RMB’000	RMB’000	RMB’000					
Financial assets at FVTOCI								
Unlisted equity instruments	N/A	94,348	136,172	Market approach	Average liquidity discount rate	31.02% to 39.93%	27.80% to 35.50%	The higher the average liquidity discount rate, the lower the fair value
					Average Price/Sales multiple of peers	9.09% to 21.46%	7.85% to 17.19%	The higher average Price/Sales multiple of peers the higher the fair value

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of unlisted equity instruments. The changes in unobservable input including liquidity discount rate and price/sales multiple will result in a significantly higher or lower fair value measurement.

APPENDIX I

ACCOUNTANTS’ REPORT

If the liquidity discount rate had been increased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB5,249,000 and RMB5,320,000 higher, respectively. If the liquidity discount rate had been decreased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB5,249,000 and RMB5,320,000 lower, respectively.

If the price/sales multiple had been increased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB9,036,000 and RMB12,836,000 lower, respectively. If the price/sales multiple of peers had been decreased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB9,036,000 and RMB12,836,000 higher, respectively.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise financial assets at FVTPL, trade receivables, cash and cash equivalents, time deposits and restricted bank deposits, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily United States dollars (“USD”).

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group’s subsidiaries. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency. Foreign exchange risk contracts are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2023, 2024 and 2025, for the Group’s subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD
	RMB’000
As at 31 December 2023	
Assets	5,336
Net exposure	5,336
As at 31 December 2024	
Assets	5,448
Liabilities.	(37,011)
Net exposure	(31,563)
As at 31 December 2025	
Assets	—
Liabilities.	(45,856)
Net exposure	(45,856)

Sensitivity Analysis

As at 31 December 2023, for the above various USD financial assets and liabilities, if the RMB appreciates or depreciate by 5% against the USD and other factors remain unchanged, the Group will decrease or increase its loss before income tax by RMB267,000. And as at 31 December 2024 and 2025, if the RMB appreciates or depreciate by 5% against the USD and other factors remain unchanged, the Group will increase or decrease its loss before income tax by RMB1,578,000 and RMB2,293,000, respectively.

Other changes in foreign exchange rates have no significant impact on foreign currency risk.

Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from unlisted equity instruments held by the Group that are classified as financial assets at FVTOCI.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of financial assets at FVTOCI at the end of each reporting period. If the prices of the respective investments held by the Group had been 10% higher/lower as at 31 December 2023, 2024 and 2025, other comprehensive income for the Track Record Period would have been approximately RMB6,700,000, RMB14,525,000 and RMB19,778,000 higher/lower, respectively, as a result of gains/losses on financial assets at FVTOCI.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from borrowings and lease liabilities. Borrowings issued at variable rates and fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group has been monitoring the level of interest rates. The increase in interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

The following tables list out the interest rate profiles of the Group’s variable interest-bearing financial instruments as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Floating rate instruments			
— Borrowings	—	35,728	—

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the loss before income tax for the year ended 31 December 2024 would be higher/lower RMB179,000.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted bank deposits and financial assets measured at fair value through profit or loss are limited because the counterparties are banks with sound credit ratings, for which the Group considers to have low credit risk.

The Group’s maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and bills receivables measured at FVTOCI as disclosed in Note 40 to the Historical Financial Information.

Trade receivables and contract assets

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;

APPENDIX I

ACCOUNTANTS’ REPORT

- actual or expected significant changes in the operating results of the debtors; and
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

As at 31 December 2023, 2024 and 2025, the expected credit loss provision was determined as follows:

2023

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate.	9.97%	25.27%	26.91%	46.78%	79.55%	
Gross carrying amount (RMB'000). .	668,850	45,793	9,962	2,142	2,333	729,080
Loss allowance provision (RMB'000)	(66,670)	(11,571)	(2,681)	(1,002)	(1,856)	(83,780)
	602,180	34,222	7,281	1,140	477	645,300

2024

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate.	11.18%	29.06%	33.61%	44.44%	93.29%	
Gross carrying amount (RMB'000). .	833,742	79,588	31,960	4,984	3,086	953,360
Loss allowance provision (RMB'000)	(93,174)	(23,132)	(10,741)	(2,215)	(2,879)	(132,141)
	740,568	56,456	21,219	2,769	207	821,219

2025

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate.	16.01%	26.67%	47.23%	60.02%	92.30%	
Gross carrying amount (RMB'000). .	793,051	47,784	52,913	11,117	4,715	909,580
Loss allowance provision (RMB'000)	(126,932)	(12,744)	(24,989)	(6,672)	(4,352)	(175,689)
	666,119	35,040	27,924	4,445	363	733,891

APPENDIX I

ACCOUNTANTS’ REPORT

Movements in the expected credit loss allowance in respect of trade receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	43,697	62,079	101,379
ECL allowance recognised, net	18,387	34,482	25,134
Acquisition of subsidiary	—	4,850	—
Written off	(5)	(32)	—
At 31 December	62,079	101,379	126,513

Movements in the expected credit loss allowance in respect of contract asset during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	1,483	1,531	1,069
ECL allowance recognised/(reversed), net . . .	48	(462)	(23)
At 31 December	1,531	1,069	1,046

Movements in the expected credit loss allowance in respect of long-term trade receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	15,246	20,169	29,693
ECL allowance recognised, net	4,923	9,524	18,437
At 31 December	20,169	29,693	48,130

Other receivables, bills receivables at amortised cost and amount due from related companies

For other receivables, bills receivables at amortised cost and amount due from related companies, assessed their recoverability through both group and individually evaluations based on historical settlement records and experience management.

APPENDIX I

ACCOUNTANTS’ REPORT

On that basis, the ECL allowance as on other receivables, bills receivables at amortised cost and amounts due from related companies as at 31 December 2023, 2024 and 2025 were determined as follows:

	Bills receivables			Other receivables			Amounts due from related companies		
	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
As at 31 December 2023									
Assessed collectively.	279	14	5.00%	27,541	4,664	16.93%	2,573	488	18.97%
Assessed individually	—	—	N/A	41	41	100.00%	—	—	N/A
	<u>279</u>	<u>14</u>		<u>27,582</u>	<u>4,705</u>		<u>2,573</u>	<u>488</u>	
As at 31 December 2024									
Assessed collectively.	3,898	90	2.31%	40,407	6,781	16.78%	28,816	1,630	5.66%
Assessed individually	—	—	N/A	29,116	14,578	50.07%	—	—	N/A
	<u>3,898</u>	<u>90</u>		<u>69,523</u>	<u>21,359</u>		<u>28,816</u>	<u>1,630</u>	
As at 31 December 2025									
Assessed collectively.	2,957	—	N/A	44,160	11,411	25.84%	14,033	1,403	10.00%
Assessed individually	—	—	N/A	30,316	24,261	80.03%	—	—	N/A
	<u>2,957</u>	<u>—</u>		<u>74,476</u>	<u>35,672</u>		<u>14,033</u>	<u>1,403</u>	

Movements in the expected credit loss allowance in respect of other receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	3,503	4,705	21,359
ECL allowance recognised, net	1,402	16,492	14,313
Acquisition of subsidiary	—	162	—
Written off	(200)	—	—
At 31 December	<u>4,705</u>	<u>21,359</u>	<u>35,672</u>

Movements in the expected credit loss allowance in respect of bills receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	—	14	90
ECL allowance recognised/(reversed), net . . .	14	76	(90)
At 31 December	<u>14</u>	<u>90</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Movements in the expected credit loss allowance in respect of amount due from related companies during the year are as follow:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	249	488	1,630
ECL allowance recognised/(reversed), net . . .	239	1,142	(227)
At 31 December	488	1,630	1,403

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost included restricted bank deposits and cash and cash equivalents.

Credit risk for restricted bank deposits and cash and cash equivalents is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 2 years	2 to 5 years	Total undiscounted amount	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023					
Trade and bills payables . . .	246,183	—	—	246,183	246,183
Other payables and accruals	113,727	—	—	113,727	113,727
Lease liabilities	15,077	12,352	11,485	38,914	36,673
	<u>374,987</u>	<u>12,352</u>	<u>11,485</u>	<u>398,824</u>	<u>396,583</u>
As at 31 December 2024					
Trade and bills payables . . .	465,309	—	—	465,309	465,309
Other payables and accruals	170,347	—	—	170,347	170,347
Borrowings	78,819	60,577	28,674	168,070	158,300
Lease liabilities	16,076	14,054	455	30,585	29,342
	<u>730,551</u>	<u>74,631</u>	<u>29,129</u>	<u>834,311</u>	<u>823,298</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Within 1 year	1 to 2 years	2 to 5 years	Total undiscounted amount	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2025					
Trade and bills payables . . .	413,014	—	—	413,014	413,014
Other payables and accruals	147,704	—	—	147,704	147,704
Borrowings	523,085	328,716	—	851,801	823,646
Lease liabilities	16,830	12,128	6,200	35,158	33,763
	<u>1,100,633</u>	<u>340,844</u>	<u>6,200</u>	<u>1,447,677</u>	<u>1,418,127</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	4,853,583	4,918,496	5,480,555
Total liabilities	474,965	972,543	1,675,105
Asset-liability ratio	<u>9.79%</u>	<u>19.77%</u>	<u>30.56%</u>

45. ACQUISITIONS OF SUBSIDIARY

On 1 April 2024, the Group acquired 51% equity interest of D-infuture Tech at a total consideration of RMB60,000,000. After the acquisition, D-infuture Tech became a subsidiary of the Group.

The Group strategically acquired D-infuture Tech to integrate its AI expertise with D-infuture Tech’s established strengths in hardware design and mass-market distribution. This acquisition has accelerated the Group’s ability to embed large model functionalities into mainstream consumer devices.

Under the terms of the performance guarantees, if actual revenue in 2024 meets or exceeds the committed target RMB350,000,000, the corresponding instalment remains unchanged. If actual revenue is below the target but at least 60% of the committed revenue amount, the instalment is adjusted proportionally. If actual revenue is below 60%, the instalment is reduced to nil. Any excess amount paid will be refunded to the Group. At the date of completion of First Phase Acquisition, management assessed that the performance targets for this phase could be met. Accordingly, no asset has been recognised in respect of the potential refund.

APPENDIX I

ACCOUNTANTS’ REPORT

The assets and liabilities recognised at the date of acquisition are as follows:

	D-infuture Tech
	RMB’000
Cash and cash equivalents	23,436
Trade and other receivables, prepayments and deposits	96,823
Financial assets at fair value through profit and loss	716
Inventories	25,014
Property, plant and equipment (<i>Note 15</i>)	3,806
Right-of-use assets (<i>Note 16</i>)	490
Intangible assets	39,451
Deferred tax assets	4,469
Trade and other payables	(125,824)
Lease liabilities	(716)
Contract liabilities	(6)
Borrowings	(19,823)
Deferred tax liabilities	(6,178)
Total acquired net assets at fair value	41,658
Non-controlling interest	(2,025)
Net assets acquired	39,633
— Goodwill (<i>Note 17</i>)	20,367
	60,000
Cash outflow on acquisition:	
Total consideration settled by cash	60,000
Cash acquired in the subsidiary acquired	(23,436)
Net cash outflow on acquisition	36,564

Acquisition-related costs approximately RMB769,000 have been excluded from the consideration transferred and have been recognised as an expense in 2024, within the “Administrative expenses” line item in the consolidated statement of profit or loss.

The goodwill of approximately RMB20,367,000, which is not deductible for tax purposes, mainly represents the control premium paid, skills and technical talent of D-infuture Tech’s workforce and the expected synergies to be achieved from integrating D-infuture Tech’s into the Group’s existing businesses and future market development. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

In 2024, the Group acquired D-infuture Tech. The subsidiary’s actual net profit was approximately RMB743,000 below the committed net profit. In accordance with the equity transfer agreement, the commitment parties, Ms. Wang Qian and Mr. Zhang Hao, provided a cash compensation of approximately RMB743,000 to D-infuture Tech for the shortfall. The compensation was recognised as a share premium.

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2024 is RMB10,744,000 generated from D-infuture Tech.

Had the acquisition of D-infuture Tech been completed on 1 January 2024, revenue for the year of the Group would have been RMB994,043,000, and loss for the year would have been RMB572,790,000. The [REDACTED] information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

APPENDIX I

ACCOUNTANTS’ REPORT

In determining the ‘pro-forma’ revenue and profit of the Group had D-infuture Tech been acquired at the beginning of the current year, the directors of the Company calculated depreciation of intangible assets based on the recognised amounts of intangible assets at the date of the acquisition.

46. EVENT AFTER THE TRACK RECORD PERIOD

Save as disclosed above, there was no significant events subsequent to the end of the Track Record Period.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025 and up to the date of this report.

APPENDIX I

ACCOUNTANTS’ REPORT

III. ADDITIONAL FINANCIAL INFORMATION OF SHENZHEN D-INFUTURE TECHNOLOGIES CO., LTD.

The Group acquired 51% interest in Shenzhen D-infuture Technologies Co., Ltd. (“D-infuture Tech”) on 1 April 2024. The pre-acquisition financial information of D-infuture Tech, including the statement of financial position of D-infuture Tech as at 31 December 2023 and 31 March 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and cash flow statements for the year ended 31 December 2023 and three months ended 31 March 2024 presented as follows:

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year end 31 December 2023	Three months ended 31 March 2024
		RMB’000	RMB’000
Revenue	<i>Notes</i> <i>4</i>	284,415	75,043
Cost of sales		(242,987)	(63,701)
Gross profit		41,428	11,342
Other income	<i>5(a)</i>	1,860	64
Other gains and losses, net	<i>5(b)</i>	259	(255)
Reversal of impairment losses under expected credit loss model, net	<i>7</i>	268	245
Write-down of inventories.	<i>7</i>	(606)	(792)
Selling and distribution expenses.		(3,560)	(967)
Administrative expenses		(18,729)	(4,306)
Research and development expenses	<i>6</i>	(19,063)	(4,967)
Finance costs	<i>9</i>	(582)	(138)
Profit before income tax		1,275	226
Income tax	<i>10</i>	2,397	644
Total comprehensive income for the year/period . .		3,672	870

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF D-INFUTURE TECH

		As at 31 December 2023	As at 31 March 2024
	<i>Notes</i>	RMB’000	RMB’000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	4,002	3,806
Right-of-use assets	13	732	490
Intangible assets	14	25	19
Deferred tax assets	21	3,861	4,469
		<u>8,620</u>	<u>8,784</u>
Current assets			
Inventories	16	19,079	23,752
Trade and bills receivables	17	93,767	92,161
Financial assets at FVTPL	15	9,964	716
Prepayments, deposits and other receivables	19	6,023	4,662
Cash and cash equivalents	20	6,077	23,436
		<u>134,910</u>	<u>144,727</u>
Current liabilities			
Trade and bills payables	22	92,764	100,321
Other payables and accrual	23	10,546	25,310
Contract liabilities	18	6	6
Lease liabilities	25	499	716
Borrowings	24	13,542	19,998
		<u>117,357</u>	<u>146,351</u>
Net current assets		<u>17,553</u>	<u>(1,624)</u>
Total assets less current liabilities		<u>26,173</u>	<u>7,160</u>
Non-current liabilities			
Borrowings	24	48	17
Lease liabilities	25	421	—
Deferred tax liabilities	21	110	74
		<u>579</u>	<u>91</u>
Net assets		<u>25,594</u>	<u>7,069</u>
EQUITY			
Share capital	26	4,030	4,030
Reserves	27	21,564	3,039
Total equity		<u>25,594</u>	<u>7,069</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000 (Note 27(a))	RMB'000	RMB'000
At 1 January 2023	4,030	1,201	16,691	21,922
Total comprehensive income for the year	—	—	3,672	3,672
Transfer	—	1,021	(1,021)	—
At 31 December 2023 and 1 January 2024	4,030	2,222	19,342	25,594
Total comprehensive income for the period.	—	—	870	870
Dividend declared.	—	—	(19,395)	(19,395)
At 31 March 2024	4,030	2,222	817	7,069

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF CASH FLOWS

		Year ended 31 December 2023	Three months ended 31 March 2024
		RMB’000	RMB’000
Cash flows from operating activities			
Profit before tax		1,275	226
Adjustments for:			
— Finance costs	9	582	138
— Depreciation of property, plant and equipment . . .	12	670	196
— Depreciation of right-of-use assets	13	949	242
— Amortisation of intangible assets	14	62	6
— Fair value change on financial assets at FVTPL . .	5	(606)	(255)
— Interest income	5	(197)	(26)
— Exchange loss, net		227	—
— Write-down of inventories	7	606	792
— Provision for impairment losses under expected credit loss model, net	7	(268)	(245)
Operating cash flows before movements in working capital		3,300	1,074
Increase in inventories		(3,990)	(5,465)
Decrease in trade and other receivables		1,208	3,805
Increase in trade payables and other payables		1,117	7,051
Increase in contract liabilities		6	—
Cash generated from operating activities		1,641	6,465
Interest income received		197	26
Net cash generated from operating activities		1,838	6,491
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,136)	—
Proceeds from disposal of financial assets at FVTPL		52,090	13,910
Purchase of intangible assets		(20)	—
Purchase of financial assets at FVTPL		(61,000)	(5,000)
Net cash (used in)/generated from investing activities		(10,066)	8,910
Cash flows from financing activities			
Payment of lease liabilities	28	(765)	(204)
Repayment of bank borrowings	28	(9,405)	(9,255)
New bank borrowings raised	28	16,000	20,000
Interest paid	28	(1,150)	(4,458)
Dividend		(656)	(4,125)
Net cash generated from financing activities		4,024	1,958
Net (decrease)/increase in cash and cash equivalents		(4,204)	17,359
Cash and cash equivalents at the beginning of the year/period		10,508	6,077
Effect of foreign exchange rate changes		(227)	—
Cash and cash equivalents at the end of the year/period	20	6,077	23,436

APPENDIX I

ACCOUNTANTS’ REPORT

4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

D-infuture Tech’s principal activities are disclosed in Note 1 to the Historical Financial Information.

D-infuture Tech derives revenue from the transfer of goods and services as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Types of scenario		
— Consumer-class	284,415	75,043
Timing of revenue recognised		
— At a point in time	284,415	75,043

4.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following table sets out the information about the geographical location of the revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Revenue from external customers		
— Mainland China	284,415	75,043

The geographical location of non-current assets, mainly comprised of property, plant and equipment, is based on the physical location of these assets. At the end of each reporting period, all of the Group’s non-current assets are located in the PRC.

APPENDIX I

ACCOUNTANTS’ REPORT

5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Government grants (<i>Note</i>)	1,432	10
Interest income	197	26
Other tax income	23	28
Others	208	—
	<u>1,860</u>	<u>64</u>

Note:

It mainly represents the government subsidy arising from eligible research and development projects of the D-infuture Tech.

(b) Other gains and losses, net

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Fair value change on financial assets at FVTPL	606	(255)
Exchange loss	(227)	—
Other loss	(120)	—
	<u>259</u>	<u>(255)</u>

6. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Employee benefit expenses	16,146	4,840
Research material costs	582	26
Depreciation and amortisation	838	49
Others	1,497	52
	<u>19,063</u>	<u>4,967</u>

APPENDIX I

ACCOUNTANTS’ REPORT

7. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling and distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Amortisation cost of intangible assets (<i>Note 14</i>)	62	6
Depreciation		
— Property, plant and equipment (<i>Note 12</i>)	670	196
— Right-of-use assets (<i>Note 13</i>)	949	242
	1,619	438
Write-down of inventories	606	792
Reversal of impairment losses under expected credit loss model, net		
— Trade, bills and other receivables (<i>Note 17 and 19</i>)	(268)	(245)
Auditor’s remuneration		
— Audit services	10	—
— Non-audit services	—	—
Direct cost of inventories recognised as an expense	582	26
Short-term lease charges	463	65
Employee benefit expenses (<i>Note 8</i>)	33,256	9,323

8. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are analysed as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and other benefits . . .	32,195	8,989
Defined contribution retirement scheme	1,061	334
Director’s emoluments	—	—
	33,256	9,323

9. FINANCE COSTS

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Interest expenses on borrowings	518	27
Interest expenses on lease liabilities	64	111
	582	138

APPENDIX I

ACCOUNTANTS’ REPORT

10. INCOME TAX

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Current income tax	—	—
Deferred income tax (<i>Note 21</i>)	(2,397)	(644)
Income tax credit	(2,397)	(644)

Reconciliation between tax credit and accounting profit at applicable tax rates is as follow:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Profit before income tax	1,275	226
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	191	34
Tax effect of		
— non-deductible expenses	57	22
— deductible temporary differences not recognised	—	—
— additional deduction on research and development expenses . .	(2,645)	(700)
Income tax credit	(2,397)	(644)

PRC Enterprise Income Tax (“EIT”)

Pursuant to the relevant laws and regulations in the PRC, the Company obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

11. DIVIDEND

During the year ended 31 December 2023 and three months ended 31 March 2024, the D-infuture Tech declared dividends of RMB656,000 and RMB19,395,000 to its shareholders respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

12. PROPERTY, PLANT AND EQUIPMENT

	Electronic devices	Motor vehicles	Office equipment and others	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023				
Cost.	3,048	689	630	4,367
Accumulated depreciation	(463)	(109)	(259)	(831)
Net carrying amount	2,585	580	371	3,536
Year ended 31 December 2023				
Opening net carrying amount	2,585	580	371	3,536
Additions	751	—	385	1,136
Depreciation	(296)	(164)	(210)	(670)
Closing net carrying amount	3,040	416	546	4,002
As at 31 December 2023				
Cost.	3,799	689	1,015	5,503
Accumulated depreciation	(759)	(273)	(469)	(1,501)
Net carrying amount	3,040	416	546	4,002
Three months ended 31 March 2024				
Opening net carrying amount	3,040	416	546	4,002
Depreciation	(90)	(41)	(65)	(196)
Closing net carrying amount	2,950	375	481	3,806
As at 31 March 2024				
Cost.	3,799	689	1,015	5,503
Accumulated depreciation	(849)	(314)	(534)	(1,697)
Net carrying amount	2,950	375	481	3,806

As at 31 December 2023 and 31 March 2024, a motor vehicle with carry amount of RMB416,000 and RMB375,000, respectively, were pledged as collateral for the D-infuture Tech’s borrowings.

APPENDIX I

ACCOUNTANTS’ REPORT

13. RIGHT-OF-USE ASSETS

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Leased properties	Total
	RMB’000	RMB’000
As at 1 January 2023	1,347	1,347
Additions	334	334
Depreciation	(949)	(949)
As at 31 December 2023 and 1 January 2024	732	732
Additions	—	—
Depreciation	(242)	(242)
As at 31 March 2024	490	490

14. INTANGIBLE ASSETS

	Copyright, patent and trademark
	RMB’000
As at 1 January 2023	
Cost	187
Accumulated amortisation	(120)
Net carrying amount	67
Year ended 31 December 2023	
Opening net carrying amount	67
Additions	20
Amortisation	(62)
Closing net carrying amount	25
As at 31 December 2023	
Cost	207
Accumulated amortisation	(182)
Net carrying amount	25
Three months ended 31 March 2024	
Opening net carrying amount	25
Amortisation	(6)
Closing net carrying amount	19
As at 31 March 2024	
Cost	207
Accumulated amortisation	(188)
Net carrying amount	19

15. FINANCIAL ASSETS AT FVTPL

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Listed equity instruments at fair value	1,018	716
Wealth management products and structured deposits	8,946	—
	9,964	716

APPENDIX I

ACCOUNTANTS’ REPORT

16. INVENTORIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Finished goods	1,167	850
Work in progress	17,912	22,902
	19,079	23,752

17. TRADE AND BILLS RECEIVABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Trade receivables	98,674	97,011
Less: ECL allowance	(4,957)	(4,850)
Trade receivables, net	93,717	92,161
Bills receivables	50	—
Less: ECL allowance	—	—
Bills receivables, net	50	—
Total	93,767	92,161

The credit period granted to customers is generally ranging from 30 days to 60 days during the year ended 31 December 2023 and three months ended 31 March 2024.

The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
0–90 days	91,966	77,562
91–180 days	742	14,599
181–270 days	603	—
271–360 days	—	—
1 to 2 years	406	—
Over 2 years	—	—
	93,717	92,161

Movements in ECL allowance on trade receivables are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
At the beginning of the year/period	4,949	4,957
ECL allowance recognised/(reversed), net	8	(107)
At the end of the year/period	4,957	4,850

APPENDIX I

ACCOUNTANTS’ REPORT

18. CONTRACT LIABILITIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Contract liabilities	6	6
	<u>6</u>	<u>6</u>

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Prepayments (<i>Note (a)</i>)	969	79
Deposits and other receivables.	3,717	1,975
Other tax receivables (<i>Note (b)</i>)	1,638	2,770
Less: ECL allowance	(301)	(162)
	<u>6,023</u>	<u>4,662</u>

Notes:

- (a) These represent advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.
- (b) The amounts represent prepaid tax and surcharges levied.

20. CASH AND CASH EQUIVALENTS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Cash and cash equivalents.	6,077	23,436
	<u>6,077</u>	<u>23,436</u>

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Deferred tax assets	3,861	4,469
Deferred tax liabilities	(110)	(74)
	<u>3,751</u>	<u>4,395</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax assets and liabilities recognised

The movements in deferred tax (assets) and liabilities during the year ended 31 December 2023 and three months ended 31 March 2024 are as follows:

	Tax losses	Loss allowance and impairment provision	Right-of- use assets	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023 . . .	(382)	(971)	202	(203)	(1,354)
(Charged)/credit to profit or loss	(2,424)	54	(92)	65	(2,397)
As at 31 December 2023 and 1 January 2024 . .	(2,806)	(917)	110	(138)	(3,751)
(Charged)/credit to profit or loss	(684)	45	(36)	31	(644)
As at 31 March 2024 . .	(3,490)	(872)	74	(107)	(4,395)

22. TRADE AND BILLS PAYABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Trade payables	92,764	100,321
	92,764	100,321

At the end of each reporting period, no matured bills payable were unpaid.

The credit period obtained from suppliers is generally ranging from 30 days to 60 days during the year ended 31 December 2023 and three months ended 31 March 2024.

The aging analysis of trade payable, is as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
— Within 1 year	92,762	100,319
— Over 1 year but within 2 years	2	—
— Over 2 years but within 3 years	—	2
— Over 3 years but within 4 years	—	—
— Over 4 years but within 5 years	—	—
— Over 5 years	—	—
	92,764	100,321

APPENDIX I

ACCOUNTANTS’ REPORT

23. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Other tax liabilities (Other PRC Tax)	4,950	6,558
Staff cost payables	5,382	3,346
Accrued expenses	214	136
Dividend payable	—	15,270
	<u>10,546</u>	<u>25,310</u>

24. BORROWINGS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Credit loan	—	10,005
Guaranteed loan (<i>Note (a)</i>)	13,336	9,801
Pledged and guaranteed loan (<i>Note (b)</i>)	254	209
Total borrowings	<u>13,590</u>	<u>20,015</u>

As at 31 December 2023 and 31 March 2024, the borrowings bear effective interest rates from 3.80% to 5.99% per annum.

Notes:

- (a) The loan was guaranteed by the shareholder of the Company. Management expects the guarantees to remain until the underlying loans are repaid and does not intend to remove them prior to [REDACTED]. The Group maintains sufficient liquidity to meet its obligations.
- (b) As at 31 December 2023 and 31 March 2024, the loan of RMB417,000 and RMB376,000 were secured by a motor vehicle.

During the year ended 31 December 2023 and three months ended 31 March 2024, D-infuture Tech did not violate any financial covenants under the agreements of borrowings. The borrowings were repayable as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Analysed as:		
— Within 1 year.	13,542	19,998
— Over 1 year but within 2 years	48	17
— Over 2 years but within 5 years	—	—
	<u>13,590</u>	<u>20,015</u>

APPENDIX I

ACCOUNTANTS’ REPORT

25. LEASE LIABILITIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Total minimum lease payments:		
— Within 1 year.	531	742
— Over 1 year but within 2 years	426	—
— Over 2 years but within 5 years	—	—
	957	742
Future interest expense on lease liabilities	(37)	(26)
Present value of lease liabilities	920	716

The following table shows the remaining contractual maturities of the lease liabilities:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Present value of minimum lease payments:		
— Within 1 year.	499	716
— Over 1 year but within 2 years	421	—
— Over 2 years but within 5 years	—	—
	920	716
Less: portion due within one year included under current liabilities	(499)	(716)
Portion due after one year included under non-current liabilities .	421	—

The total cash outflows for the leases including short-term leases for the year ended 31 December 2023 and three months ended 31 March 2024 were RMB1,263,000 and RMB374,000, respectively.

26. SHARE CAPITAL

	Nominal value of shares
	RMB’000
Issued and fully paid:	
Ordinary shares of RMB 1 each	
Balance at 1 January 2023, 31 December 2023, 1 January 2024 and 31 March 2024.	4,030

APPENDIX I

ACCOUNTANTS’ REPORT

27. RESERVES

	Statutory reserve	Retained earnings	Total
	RMB’000	RMB’000	RMB’000
	(Note (a))		
As at 1 January 2023	1,201	16,691	17,892
Total comprehensive income for the year	—	3,672	3,672
Appropriation of statutory reserve	1,021	(1,021)	—
As at 31 December 2023 and 1 January 2024	2,222	19,342	21,564
Total comprehensive income for the period . .	—	870	870
Dividend declared (Note 11)	—	(19,395)	(19,395)
As at 31 March 2024	2,222	817	3,039

Note:

- (a) In accordance with the Laws of Mainland China on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of D-infuture Tech, an appropriation to statutory reserves has to be made prior to profit distribution to the owners. The appropriation to statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

	Borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
	(Note 24)	(Note 25)	
As at 1 January 2023	6,995	1,351	8,346
Finance costs	518	64	582
Lease modifications	—	334	334
Payment of lease liabilities	—	(765)	(765)
Repayment of bank loans	(9,405)	—	(9,405)
New bank loans raised	16,000	—	16,000
Interest paid	(1,086)	(64)	(1,150)
Other movements	568	—	568
As at 31 December 2023 and 1 January 2024 .	13,590	920	14,510
Finance costs	27	111	138
Payment of lease liabilities	—	(204)	(204)
Repayment of bank loans	(9,255)	—	(9,255)
New bank loans raised	20,000	—	20,000
Interest paid	(4,347)	(111)	(4,458)
As at 31 March 2024	20,015	716	20,731

APPENDIX I

ACCOUNTANTS’ REPORT

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument at the end of each reporting period are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Financial assets		
Financial assets measured at amortised cost		
— Trade and bills receivables	93,767	92,161
— Prepayments deposits and other receivables	6,023	4,662
— Cash and cash equivalents	6,077	23,436
Financial assets at FVTPL		
— Listed equity instruments at fair value	1,018	716
— Wealth management products and structured deposits	8,946	—
	<u>115,831</u>	<u>120,975</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and bills payables	92,764	100,321
— Other payables and accruals	10,546	25,310
— Borrowings	13,590	20,015
— Lease liabilities	920	716
	<u>117,820</u>	<u>146,362</u>

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents the fair value of D-infuture Tech’s financial instruments measured during the year ended 31 December 2023 and three months ended 31 March 2024 on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Fair value hierarchy

As at 31 December 2023 and 31 March 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial assets				
Financial assets at FVTPL				
— Listed equity instruments at fair value	1,018	—	—	1,018
— Wealth management products and structured deposits.	—	8,946	—	8,946
	<u>1,018</u>	<u>8,946</u>	<u>—</u>	<u>9,964</u>
As at 31 March 2024				
Financial assets				
Financial assets at FVTPL				
— Listed equity instruments at fair value	716	—	—	716
	<u>716</u>	<u>—</u>	<u>—</u>	<u>716</u>

During the year ended 31 December 2023 and three months ended 31 March 2024, there was no transfer between Level 1, Level 2 and Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement were mainly included wealth management products and structured deposits are evaluated by recent market transaction price.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document, and is included herein for information only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document, the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of [REDACTED] Financial Information for Inclusion In Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025, as if the [REDACTED] had taken place on that date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group had the [REDACTED] been completed as at 31 December 2025 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Shares as at 31 December 2025	
	RMB’000 (Note 1)	RMB’000 (Notes 2 and 4)	RMB’000	RMB (Note 3)	HKD (Note 4)
Based on the [REDACTED] of HKD[REDACTED] per H share.	3,738,564	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of HKD[REDACTED] per H share.	3,738,564	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 is extracted from the Accountants’ Report set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2025 of approximately RMB[REDACTED] after deducting the Group’s goodwill and intangible assets attributable to owners of the Company of approximately RMB[REDACTED] and RMB[REDACTED] respectively as at 31 December 2025.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] at the [REDACTED] of HKD[REDACTED] and HKD[REDACTED] per H Share, being the [REDACTED] and [REDACTED] of the stated [REDACTED], respectively, after deduction of the estimated [REDACTED] fees and other related expenses expected to be incurred by the Company subsequent to 31 December 2025 and do not take into account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED] and any Shares which may be issued by the Company upon the exercise of any options may be granted under the share incentive scheme or any Shares which may be issued or repurchased by the Company.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (representing (i) [REDACTED] Shares in [REDACTED] as at 31 December 2025; (ii) [REDACTED] of [REDACTED] in January 2026; and (iii) adding [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on 31 December 2025 without taken into account any Shares which may be allotted and [REDACTED] by the Company upon the exercise of the [REDACTED] and any Shares which may be issued by the Company upon the exercise of any options may be granted under the share incentive scheme or any Shares which may be issued or repurchased by the Company.
- (4) For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets, the estimated net [REDACTED] from the [REDACTED] and the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share are converted from Hong Kong dollars (“HKD”) to Renminbi (“RMB”) at an exchange rate of HKD1 to RMB0.8764. No representation is made that RMB amounts have been, could have been or may be converted to HKD, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 to reflect any operating results or other transactions of the Group entered into subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on July 28th, 2025, which will take effect upon the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential investors with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by potential investors.

SHARES AND REGISTERED CAPITAL

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All entities or individuals subscribing for such shares shall pay the same consideration for each share.

INCREASE, REDUCTION AND REPURCHASE OF SHARE CAPITAL

Increase of Share Capital

The Company may, in accordance with applicable laws and regulations and subject to a resolution adopted by the Shareholders’ general meeting, increase its share capital as required for its business operations and development by one or more of the following means:

- (i) issuing shares to unspecified investors;
- (ii) issuing shares to specific investors;
- (iii) distributing bonus shares to existing shareholders;
- (iv) converting capital reserves into share capital; and
- (v) any other methods permitted by law, administrative regulations, and the rules of the CSRC.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of registered capital shall be carried out in accordance with the procedures prescribed by the PRC Company Law, other applicable laws and regulations, and the Articles of Association.

The Company shall notify its creditors within ten (10) days from the date on which the resolution for the reduction of registered capital is passed by the Shareholders’ general meeting, and shall make a public announcement within thirty (30) days after the resolution approving the reduction has been adopted. The creditors shall have the right, within thirty (30) days from the date of receipt of the notice or, if no such notice is received, within forty-five (45) days from the date of the public announcement, to require the Company to settle its debts or provide a corresponding guarantee.

Repurchase of Shares

The Company may repurchase its own shares in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association under any of the following circumstances:

- (i) for the purpose of reducing the Company’s registered capital;
- (ii) in connection with a merge with another company that holds shares in the Company;
- (iii) for use in employee stock ownership plans or equity incentive schemes;

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

- (iv) upon request by shareholders who object to resolutions adopted at a general meeting regarding the merger or division of the Company, requiring the Company to repurchase their shares;
- (v) for conversion into shares of the Company or convertible corporate bonds issued by the Company; and
- (vi) where necessary for the Company to protect its value and the shareholders' equity interest.

The Company shall not engage in the trading of its own shares except in the circumstances set out above.

Where the Company repurchases its own shares pursuant to items (i) and (ii) of paragraph 1, such repurchase shall be subject to a resolution of the general meeting. Where the repurchase is conducted pursuant to items (iii), (v) and (vi) of paragraph 1, it shall be approved by a resolution of the Board of Directors passed at a meeting attended by more than two-thirds (2/3) of the directors.

Where the Company repurchases its own shares in accordance with the provisions of paragraph 1, the following requirements shall apply: in the case of a repurchase under item (i), the shares shall be cancelled within ten (10) days from the date of repurchase; in the case of a repurchase under items (ii) or (iv), the shares shall be transferred or cancelled within six (6) months from the date of repurchase; and in the case of a repurchase under items (iii), (v), or (vi), the aggregate number of shares held by the Company shall not exceed ten percent (10%) of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of repurchase.

TRANSFER OF SHARES

Shares issued by the Company prior to its public offering of A shares shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded on the Shanghai Stock Exchange.

Directors and senior management personnel shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office, the annual transfer of their shares of the same class shall not exceed 25% of their total holdings of such class of shares in the Company. The shares held by such persons shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company.

Where laws, administrative regulations or the listing rules of the stock exchange(s) at the place where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, such provisions shall prevail.

The Company shall not accept its shares as the subject matter of a pledge.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall serve as conclusive evidence of shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Rights and Obligations of Shareholders

The shareholders of the Company shall be entitled to the following rights:

- (i) to receive dividends and other forms of distribution in proportion to their shareholdings;
- (ii) to request the convening of, convene, preside over, attend, or appoint proxies to attend Shareholders’ general meetings and exercise voting rights accordingly;
- (iii) to supervise the Company’s operations and submit suggestions or inquiries;
- (iv) to transfer, donate, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;
- (v) shareholders shall have the right to inspect and make copies of Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the Board of Directors, and financial accounting reports. Shareholders who meet the prescribed requirements may also inspect the Company’s accounting books and accounting vouchers;
- (vi) to participate in the distribution of the Company’s remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;
- (vii) to request the Company to repurchase their shares if they object to resolutions of the shareholders’ general meeting regarding mergers or divisions of the Company; and
- (viii) other rights provided by laws, administrative regulations, departmental rules, securities regulatory rules at the place where the Company’s shares are listed, or the Articles of Association.

Shareholders requesting to inspect or make copies of relevant documents of the Company shall comply with the PRC Company Law, PRC Securities Law, and other applicable laws, administrative regulations, and securities regulatory rules where the Company’s shares are listed.

The shareholders of the Company shall undertake the following obligations:

- (i) to comply with laws, administrative regulations, securities regulatory rules where the Company’s shares are listed and the Articles of Association;
- (ii) to pay subscription monies for the shares they have subscribed for, according to the agreed subscription terms and method;
- (iii) not to withdraw their capital contributions except as otherwise permitted by laws or regulations;
- (iv) not to abuse shareholder rights to harm interests of the Company or other shareholders; not to abuse the Company’s independent legal personality or the limited liability of shareholders to harm the interests of the Company’s creditors; and
- (v) such other obligations as may be required under laws, administrative regulations and the Articles of Association.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Shareholders who abuse their rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders who abuse the Company’s status as an independent legal entity and the limited liability of shareholders to evade debts and thereby materially prejudice the interests of the Company’s creditors shall bear joint and several liability for the Company’s debts.

SHAREHOLDERS’ GENERAL MEETING

General rules of the Shareholders’ General Meeting

The Shareholders’ general meeting is the organ of authority of the Company and shall, in accordance with the law, exercise the following powers:

- (i) to elect and replace directors who are not employee representatives and determine matters relating to the remuneration of such directors;
- (ii) to consider and approve the reports of the Board of Directors;
- (iii) to consider and approve the Company’s profit distribution plan and plan for making up losses;
- (iv) to adopt resolutions on the increase or reduction of the registered capital of the Company;
- (v) to adopt resolutions on the issuance of bonds by the Company;
- (vi) to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to adopt resolutions on the appointment or dismissal of the accounting firm responsible for the audit of the Company;
- (ix) to consider and approve the guarantees as set out in Article 47 of the Articles of Association;
- (x) to consider and approve any proposed purchase or sale of significant assets by the Company within one (1) year that exceeds thirty percent (30%) of the Company’s total audited assets as of the most recent accounting period;
- (xi) to consider and approve transaction-related matters as prescribed in Articles 46 of the Articles of Association;
- (xii) to consider and approve financial assistance as prescribed in Articles 46 of the Articles of Association;
- (xiii) to consider and approve any proposed changes to the use of proceeds raised from financing activities;
- (xiv) to consider and approve any transaction (excluding provision of guarantees) between the Company and its related parties, where the transaction amount exceeds 1% of the Company’s latest audited total assets or market capitalization and exceeds RMB 30 million; and to consider and approve any joint capital contribution by the Company and its related parties to establish a new company, where the Company’s capital contribution meets the foregoing thresholds; provided that, where all contributors make capital contributions in cash and the

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

equity interests in the newly established company are determined strictly in proportion to the respective capital contributions, the requirement to submit such matter to the general meeting for approval may be exempted;

- (xv) to consider and approve equity incentive plans and employee stock ownership plans;
- (xvi) to determine anti-takeover measures to be adopted against any hostile takeover of the Company by an acquirer, provided that such measures are not prohibited by laws or administrative regulations and do not prejudice the legitimate rights and interests of the Company and its shareholders; and
- (xvii) to consider and approve other matters that are required by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, or the Articles of Association to be decided by the Shareholders' general meeting.

The Shareholders' general meeting may authorize the Board of Directors to adopt resolutions on the issuance of bonds by the Company.

The Company shall convene an extraordinary general meeting within two (2) months from the date of occurrence of any of the following circumstances:

- (i) the number of directors falls below the statutory minimum required by the PRC Company Law or less than two-thirds (2/3) of the number of directors as specified in the Articles of Association;
- (ii) the Company's uncovered losses amount to one-third (1/3) of its total share capital;
- (iii) a shareholder or shareholders holding individually or in aggregate ten percent (10%) or more of the Company's shares so request;
- (iv) the Board of Directors considers it necessary;
- (v) the Audit Committee proposes to convene such a meeting; and
- (vi) Other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the Company's shares are listed, or the Articles of Association.

Convening of the General Meeting

The independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting upon the approval of more than half of all independent directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made.

Shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares may request the Board of Directors to convene an extraordinary general meeting by submitting such request in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the listing rules of the stock exchange(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a request. If the Board of Directors agrees, it shall issue a notice of the general meeting within five (5) days after the Board resolution is made.

Where the Board of Directors refuses to convene the meeting or fails to provide feedback within ten (10) days of receiving the request, the shareholder(s), individually or jointly holding ten percent (10%) or more of the Company's shares shall have the right to submit a written proposal to the Audit Committee to convene the extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholder(s).

If the Audit Committee fails to issue such notice within the prescribed period, it shall be deemed as having refused to convene and preside over the meeting. Shareholder(s) who have individually or jointly held ten percent (10%) or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the general meeting themselves. Prior to the announcement of the resolutions passed at the general meeting, the shareholding ratio of the convening shareholders shall not be less than ten percent (10%).

Notices of General Meeting

The convener shall notify all shareholders of an annual general meeting by way of announcement at least twenty-one (21) days prior to the date of the meeting and shall notify all shareholders of an extraordinary general meeting by way of announcement at least fifteen (15) days prior to the date of the meeting.

The notice of a general meeting shall include the following particulars:

- (i) the date, venue and duration of the meeting;
- (ii) the matters and proposals to be submitted for consideration at the meeting;
- (iii) a prominent statement that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;
- (iv) the record date for determining the shareholders entitled to attend the meetings;
- (v) the name and telephone number of the permanent contact person for the meeting; and
- (vi) the time and procedures for voting by way of online or other means.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Resolutions of the Shareholders' General Meeting

Resolutions of the Shareholders' general meeting shall be classified into ordinary resolutions and special resolutions.

A special resolution shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders (including proxies) attending the general meeting.

The following matters shall be approved by way of ordinary resolution at a general meeting:

- (i) the report of the Board of Directors on its work;
- (ii) the profit distribution plan and the plan for making up losses as proposed by the Board of Directors;
- (iii) the appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment; and
- (iv) all matters other than those required by laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, or the Articles of Association to be passed by way of special resolution.

The following matters shall be approved by way of special resolution at a general meeting:

- (i) the increase or reduction of the registered capital of the Company;
- (ii) the division, spin-off, merger, dissolution, or liquidation of the Company;
- (iii) amendments to the Articles of Association;
- (iv) the purchase or sale of significant assets, or provision of guarantees to others within one year, the value of which exceeds thirty percent (30%) of the Company's latest audited total assets;
- (v) equity incentive plans; and
- (vi) other matters required to be approved by special resolution under laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, or the Articles of Association, or other matters that may have a material impact on the Company as determined by an ordinary resolution of the general meeting.

Shareholders (including those attending by proxy) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares held by the Company shall not carry voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

In respect of matters concerning connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting, and the voting rights represented by such connected shareholders shall not be counted in the total number of valid votes.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the Shareholders' general meeting and shall serve a term of three (3) years. Upon expiration of their term, Directors may be re-elected and re-appointed.

Directors may concurrently serve as senior management personnel; however, the number of Directors concurrently holding senior management positions and those serving as employee representatives shall not in aggregate exceed one-half (1/2) of the total number of Directors of the Company

Board of Directors

Directors of the Company shall be natural persons and may include executive directors, non-executive directors, and independent directors, including at least one professional accountant.

The Board of Directors of the Company shall consist of seven (7) directors, including three (3) independent directors and one (1) employee representative director. The Board shall have one (1) Chairman.

The Board of Directors shall exercise the following powers in accordance with the law and the provisions of the Articles of Association:

- (i) to convene general meetings and report to the general meeting on its work;
- (ii) to implement resolutions passed by the general meeting;
- (iii) to determine the Company's business plans and investment proposals;
- (iv) to formulate the Company's profit distribution plans and plans for making up losses;
- (v) to formulate plans for increasing or reducing the registered capital of the Company, and for the issuance of bonds or other securities and listing thereof;
- (vi) to formulate significant acquisition, share repurchase, merger, division, dissolution, or change of corporate form proposals of the Company;
- (vii) to decide on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and donations to external parties within the scope authorized by the general meeting;
- (viii) to determine the organizational structure of the Company's internal management;
- (ix) to appoint or dismiss the general manager, the secretary to the Board of Directors, and other senior management personnel of the Company based on the nomination by the Chairman, and to determine their remuneration and disciplinary or reward measures; to appoint or dismiss deputy general managers, the chief financial officer (financial director), and other senior management personnel based on the nomination by the general manager, and to determine their remuneration and disciplinary or reward measures;
- (x) to formulate the fundamental management systems of the Company;
- (xi) to formulate proposals for amendments to the Articles of Association;

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

- (xii) to manage the Company's information disclosure affairs;
- (xiii) to propose to the general meeting the engagement or replacement of the accounting firm responsible for auditing the Company;
- (xiv) to hear the general manager's work reports and evaluate the general manager's performance;
- (xv) in the event of a hostile takeover of the Company, to have the right to adopt and implement anti-takeover measures that are not prohibited by applicable laws and regulations and do not prejudice the legitimate rights and interests of the Company and other shareholders; and
- (xvi) to exercise other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, the Articles of Association, or as authorized by the general meeting.

The Chairman of the Board shall exercise the following functions and powers:

- (i) to preside over the Shareholders' general meeting and to convene and preside over meetings of the Board of Directors;
- (ii) to supervise and inspect the implementation of the resolutions adopted by the Board of Directors;
- (iii) other powers conferred by the Board of Directors or prescribed by the Articles of Association.

The Board of Directors shall convene no fewer than four (4) meetings each year, which shall be convened by the Chairman. Written notice shall be given to all Directors at least fourteen (14) days prior to the date of the meeting.

An extraordinary meeting of the Board of Directors shall be convened and presided over by the Chairman within ten (10) days under any of the following circumstances:

- (i) when proposed by shareholders representing more than one-tenth (1/10) of the voting rights;
- (ii) when jointly proposed by more than one-third (1/3) of the Directors;
- (iii) when jointly proposed by more than one-half (1/2) of the independent Directors; and
- (iv) when proposed by the Audit Committee.

Notice of an extraordinary Board meeting shall be given to all Directors at least three (3) days before the meeting is held. In cases of emergency where the meeting must be convened urgently, notice may be given at any time by telephone or other oral means, and the time limit for giving notice may be waived. However, the convener shall provide an explanation at the meeting, which shall be recorded in the meeting minutes.

A meeting of the Board of Directors shall be held only when more than one-half of the Directors are present. A resolution of the Board shall be adopted only by the affirmative vote of more than one-half of all Directors, unless otherwise provided by laws, regulations, or the Articles of Association. Voting on Board resolutions shall follow the principle of one person, one vote.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

AUDIT COMMITTEE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors or Independent Directors who do not hold any senior management positions within the Company. Among them, two (2) shall be Independent Directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audit activities, and overseeing internal control. The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

- (i) disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;
- (ii) engagement or dismissal of the accounting firm responsible for the Company's audit;
- (iii) appointment or dismissal of the Company's chief financial officer;
- (iv) changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards; and
- (v) other matters as prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, and the Articles of Association.

Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

GENERAL MANAGER

The Company shall have one (1) general manager, who shall be appointed or dismissed by resolution of the Board of Directors.

The Company may have several deputy general managers, who shall also be appointed or dismissed by resolution of the Board of Directors.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (i) to preside over the Company's production and operational management, organize the implementation of resolutions of the Board of Directors, and report to the Board on the execution thereof;
- (ii) to organize and implement the Company's annual business plan and investment proposals;
- (iii) to propose the structure of the Company's internal management organization;
- (iv) to propose the Company's basic management policies;
- (v) to formulate specific rules and regulations of the Company;

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

- (vi) to submit proposals to the Board of Directors regarding the appointment or dismissal of the deputy general managers and the chief financial officer and other senior management;
- (vii) to decide on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be determined by the Board of Directors;
- (viii) to determine transaction matters of the Company which do not reach the approval threshold of the Board of Directors, excluding provision of guarantees and financial assistance;
- (ix) to consider and approve related party transactions of the Company which fall below the approval threshold of the Board of Directors; and
- (x) other powers conferred by the Articles of Association or by the Board of Directors.

The general manager shall attend meetings of the Board of Directors as a non-voting participant.

SECRETARY TO THE BOARD

The Company shall appoint a board secretary, who shall be responsible for organizing the Shareholders’ general meeting and the Board of Directors, keeping relevant documentation, managing the Company’s shareholder information, and handling matters related to information disclosure.

The board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place(s) where the Company’s shares are listed, and the Articles of Association.

BORROWING POWER

The Articles of Association do not contain any specific provisions regarding how the Directors may exercise or delegate the power to borrow. However, the Board of Directors shall have the authority to make proposals in relation to the issuance of bonds and the listing of shares by the Company.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, and the requirements of relevant state authorities.

The Company shall submit and disclose its annual reports to the local office of the CSRC and the stock exchange within four (4) months after the end of each fiscal year. The Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange within two (2) months after the end of the first half of each fiscal year.

The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, rules of the CSRC, and the regulations of the stock exchange(s) where the Company’s shares are listed.

PROFIT DISTRIBUTION

The Company shall attach great importance to providing reasonable returns to investors, particularly minority shareholders. On the premise of meeting the funding requirements for normal business operations, the Company shall formulate a shareholder return plan and implement a continuous and stable profit distribution policy.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Provided that the conditions for profit distribution are met, the Company shall distribute profits once per year. The Company may also conduct interim dividends based on its profitability and capital needs. The specific form and distribution ratio shall be proposed by the Board of Directors based on the Company's operating conditions and relevant regulations and submitted to the Shareholders' general meeting for approval.

Profit distribution may take the form of cash, shares, or a combination of both. On the premise of ensuring the Company's normal operations, cash dividends shall be the preferred method of profit distribution. Where the conditions for cash dividends are satisfied, the Company shall distribute profits by way of cash dividends.

INTERNAL AUDIT

The Company shall implement an internal audit system. The internal audit department of the Company shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information, and other relevant matters.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and shall be disclosed to the public. The internal audit department shall be accountable to the Board of Directors.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

- (i) the expiry of the operation term specified in the Articles of Association or the occurrence of any other dissolution event as stipulated therein;
- (ii) a resolution on dissolution adopted by the Shareholders' general meeting;
- (iii) dissolution required due to merger or division of the Company;
- (iv) revocation of the Company's business license, an order for closure, or the Company being deregistered in accordance with the law; and
- (v) Where the Company experiences significant difficulties in its operation and management, and continuation would cause substantial loss to shareholders' interests, and such issues cannot be resolved by other means, shareholders holding ten percent (10%) or more of the total voting rights may petition the People's Court to dissolve the Company. If the Company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall proceed with liquidation. The liquidation committee shall be composed of the directors unless otherwise stipulated by the Articles of Association or resolved by the Shareholders' general meeting to appoint other persons.

The liquidation committee shall notify the creditors within ten (10) days from the date of its formation and shall publish an announcement in a provincial or higher-level newspaper or through the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from receipt of the notice, or within forty-five (45) days from the date of announcement if they did not receive notice.

If, after verifying the Company's assets, balance sheet, and asset inventory, the liquidation committee discovers that the Company's assets are insufficient to cover its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Upon acceptance of the bankruptcy application by the Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy trustee appointed by the Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report for confirmation by the Shareholders’ general meeting or the Court and submit it to the Company’s registration authority to apply for deregistration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (i) where, following an amendment to the PRC Company Law or relevant laws and administrative regulations, any provisions of the Articles of Association conflicts with such amended laws or regulations;
- (ii) where changes occur in the Company’s circumstances, rendering any provision of the Articles of Association inconsistent with the actual situation; and
- (iii) where the Shareholders’ general meeting resolves to make an amendment.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC as a limited liability company on August 27, 2014 and was converted to a joint stock liability company with limited liability on July 23, 2020 under the PRC Company Law.

We have established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 25, 2025. Ms. Yeung Siu Lam (楊兆琳) has been appointed as one of the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong, whose correspondence address is the same as our principal place of business in Hong Kong.

As our Company was incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant PRC Law. A summary of the relevant PRC Law and of the Articles of Association is set out in “Regulatory Overview” and Appendix III, respectively.

2. Changes in Share Capital of our Company

When our Company was converted into a joint stock liability company with limited liability under the PRC Company Law, our initial registered capital was RMB220,375,820, divided into 220,375,820, Shares with a nominal value of RMB1.00 each.

On July 23, 2025, the share capital of our Company increased from RMB355,133,720 to RMB358,826,660, comprising 358,826,660 A Shares with a nominal value of RMB1.00 each.

On January 20, 2026, the share capital of our Company increased from RMB358,826,660 to RMB359,603,380, comprising 359,603,380 A Shares with a nominal value of RMB1.00 each.

For further details, see “History, Development and Corporate Structure.” Save as aforesaid, as of the Latest Practicable Date, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

Our subsidiaries are referred to in Note 1 to Part II of the Accountants’ Report, the text of which is set out in Appendix I to this document. Save for the subsidiaries mentioned in the Accountants’ Report, we do not have any other subsidiaries. The following subsidiaries have been incorporated within the two years immediately preceding the date of this document:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Dr. LookAi	PRC	July 29, 2024
Shenzhen Lifei Zhiwen Technologies Co., Ltd. (深圳市勵飛智文科技有限公司).....	PRC	September 21, 2024

There have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

4. Resolutions of our Shareholders Passed on July 28, 2025

Pursuant to a general meeting held on July 28, 2025, among other things, our Shareholders resolved to approve the following:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares will be [REDACTED] on the [REDACTED];
- (b) the number of H Shares to be [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the completion of the [REDACTED], the adoption of the Articles of Association which shall become effective on the [REDACTED]; and
- (d) authorization of the Board and/or its authorized persons to handle relevant matters relating to the [REDACTED], including but not limited to the issue and the [REDACTED] of the H Shares.

5. Share Incentive Schemes

The following is a summary of the principal terms of the Share Incentive Schemes currently being implemented by our Company, including 2023 Restricted A Shares Incentive Scheme and 2025 Restricted A Shares Incentive Scheme. The terms of Share Incentive Schemes do not involve any grant of restricted A Shares by our Company after the [REDACTED] and are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Share Incentive Schemes are summarized below.

(a) Purpose

The purposes of the Share Incentive Schemes are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The 2023 Restricted A Shares Incentive Scheme is implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realization of our development strategy and business objectives.

(b) Administration

The Restricted A Shares Incentive Scheme is subject to the approval of the Shareholders’ meeting, the administration of our Board and independent Directors of our Company.

(c) Participants

The scope of the eligible participants of the Share Incentive Schemes include Directors, senior management, core technical personnel and other personnel deemed suitable for incentives by the Board, and shall not include the independent non-executive Directors, supervisors and any Shareholders or actual controllers who individually or in aggregate holding 5% or more Shares of our Company, together with their spouses, parents and children, and shall not include the foreign employee.

(d) Mandate Limit

The Share Incentive Schemes are granted in the form of restricted A Shares. The total number of underlying Shares which may be issued upon exercise of all A Shares granted under the 2023 Restricted A Shares Incentive Scheme and 2025 Restricted Share Incentive Scheme shall be 11,061,600 and 3,976,100 A Shares, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(e) Maximum Entitlement of a Grantee

Any grant of restricted A Shares to any grantees in respect of all the restricted A Shares granted to such person under the Share Incentive Schemes in aggregate shall not exceed 1% of the Shares in issue at the time of the announcement of the Share Incentive Schemes.

(f) Duration of the Share Incentives

The grant date of the Share Incentive Schemes shall be determined by the Board after the approval of the Share Incentive Schemes by the Shareholders at a general meeting. Unless otherwise stipulated by laws and regulations, the grant date must be a trading day of the Shenzhen Stock Exchange.

The term of the Share Incentive Schemes shall commence from the date of grant of the Share Incentives under the Share Incentive Schemes and continue until the Share Incentives are fully vested or lapsed, whichever is earlier. This term shall not exceed 48 months, as applicable.

(g) Conditions to the Grant of Restricted A Shares

The restricted A Shares under the Share Incentive Schemes will only be vested if the following conditions are fulfilled:

- (1) with respect to our Company, none of the following circumstances having occurred:
 - (i) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to our Company’s accountants’ report for the most recent fiscal year;
 - (ii) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to internal control contained in accountants’ report for the most recent fiscal year;
 - (iii) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [REDACTED];
 - (iv) applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (v) any other circumstances determined by the CSRC.
- (2) with respect to the grantee, none of the following circumstances having occurred:
 - (i) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (ii) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (iii) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;
 - (iv) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (v) the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or
- (vi) any other circumstances determined by the CSRC.

(h) Vesting of Restricted Shares

The restricted A Shares will only be vested when (i) the conditions set out under paragraph (f) above are fulfilled; (ii) the grantee has served our Group for more than 12 months; and (iii) the annual assessment and performance targets as set out under the Share Incentive Schemes are achieved.

The restricted A Shares will be vested in accordance with the vesting schedule as set out under the Share Incentive Schemes as follows:

- (i) with respect to the first batch grant of restricted A Shares, vested in tranches of 50% and 50% in vesting periods that occur (a) between the first trading date after 18 months from the date of grant and the last trading day up to 30 months from the date of grant; and (b) between the first trading date after 30 months from the date of grant and the last trading day up to 42 months from the date of grant, respectively; and
- (ii) with respect to the grant of the remaining restricted A Shares, vested in tranches of 50% and 50% in vesting periods that occur (a) between the first trading date after 12 months from the date of grant and the last trading day up to 24 months from the date of grant; and (b) between the first trading date after 24 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.

Our Company may void the granted but unvested restricted A Shares upon occurrence of certain events as set out in the Share Incentive Schemes, including but not limited to the termination of employment of the grantees with our Company.

(i) Lock-up Arrangements

The lock-up arrangements under the Share Incentive Schemes are determined according to the Articles of Association and applicable PRC laws and regulations:

- (i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;
- (ii) if the grantee is a Director or senior management of our Company, income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and
- (iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the Share Incentive Schemes, the grantee shall comply with the amended laws and regulations and the Articles of Association.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(j) Adjustments

Subject to the other terms and conditions contained in the Share Incentive Schemes, the number and/or grant price of granted Share Incentives may be adjusted upon the occurrence of certain events, including, among others, increase of share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

(k) Outstanding Restricted A Shares

(i) 2023 Restricted A Shares Incentive Scheme

As of the Latest Practicable Date, an aggregate of 4,708,400 outstanding restricted A Shares, representing approximately [REDACTED]% of the total issued Shares immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes), were granted to a total of 204 participants. An aggregate of 700,000 restricted A Shares were granted to six of our Directors, senior management members and/or other connected persons, and the remaining 4,008,400 outstanding restricted A Shares were granted to 198 other eligible participants, who are employees of our Company. Assuming full vesting of all outstanding restricted A Shares granted under the 2023 Restricted A Shares Incentive Scheme, the shareholding of our Shareholders and our earning per Share immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]% (assuming (i) the underlying A Shares of all outstanding restricted Shares are A Shares issued by our Company, instead of repurchased from secondary market and (ii) the [REDACTED] is not exercised). The following table sets forth the number of restricted A Shares granted to our Directors and senior management members pursuant to the 2023 restricted A Shares Incentive Scheme as of the Latest Practicable Date:

Name of participants	Position held with our Company	Number of restricted A Shares granted	Date of Grant	Grant Price	Vesting period	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes) ⁽¹⁾
Directors						
Deng Haoran	Executive Director, chief financial officer and Board secretary	400,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]
Li Jianwen	Executive Director	50,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]
Senior management						
Li Aijun	Deputy general manager	50,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]
Cheng Bing	Deputy general manager	50,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]
Wang Lei	Deputy general manager	100,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]
Zheng Wenxian	Deputy general manager	50,000	December 6, 2023	RMB28.14	Note 2	[REDACTED]

Note:

- (1) The calculation is based on the assumption that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Shares Incentive Schemes.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (2) These restricted A Shares granted under the 2023 Restricted A Shares Incentive Scheme shall be vested in tranches of 50% and 50% in vesting periods that occur (a) between the first trading date after 18 months from the date of grant and the last trading day up to 30 months from the date of grant; and (b) between the first trading date after 30 months from the date of grant and the last trading day up to 42 months from the date of grant, respectively.

As of the Latest Practicable Date, other than the six individuals who were our Directors, senior management members and/or other connected persons of our Company disclosed above, no restricted A Shares were granted to any Directors, senior management members and/or other connected persons of our Company under the 2023 Restricted A Shares Incentive Scheme.

Save for the six grantees disclosed above, the remaining 198 grantees who were not our Directors, senior management members or other connected persons of our Company, were granted an aggregate of 4,008,400 outstanding restricted A Shares, representing approximately 1.11% of the total issued share capital of our Company as of the Latest Practicable Date and [REDACTED]% of the total issued share capital of our Company immediately after the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes).

(ii) 2025 Restricted A Shares Incentive Scheme

As of the Latest Practicable Date, an aggregate of 3,180,900 restricted A Shares, representing approximately [REDACTED]% of the total issued Shares immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes), were granted to a total of 105 participants. An aggregate of 300,000 restricted A Shares were granted to one of our senior management members and/or other connected persons, and the remaining 2,880,900 restricted A Shares were granted to 104 other eligible participants, who are employees of our Company. Under the 2025 Restricted A Shares Incentive Scheme of our Company, an aggregate of 795,200 restricted A shares remain ungranted. Such ungranted shares will be allocated at a later date, representing approximately [REDACTED]% of the total issued Shares immediately following the completion of the [REDACTED]. Assuming full vesting of all outstanding restricted A Shares granted under the 2025 Restricted A Shares Incentive Scheme, the shareholding of our Shareholders and our earning per Share immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]% (assuming (i) the underlying A Shares of all outstanding restricted Shares are A Shares issued by our Company, instead of repurchased from secondary market and (ii) the [REDACTED] is not exercised). The following table sets forth the number of restricted A Shares granted to our Directors and senior management members pursuant to the 2025 restricted A Shares Incentive Scheme as of the submission date of this document:

Name of participants	Position held with our Company	Number of restricted A Shares granted	Date of Grant	Grant Price	Vesting period	Approximate % of Share Capital of Our Company
						Immediately after Completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Shares Incentive Schemes) ⁽¹⁾
Li Aijun	Deputy general manager	300,000	December 1, 2025	RMB39.35	Note 2	[REDACTED]

Notes:

- (1) The calculation is based on the assumption that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes.
- (2) These restricted A Shares granted under the 2025 Restricted A Shares Incentive Scheme shall be vested in tranches of 50% and 50% in vesting periods that occur (a) between the first trading date after 12 months from the date of grant and the last trading day up to 24 months from the date of grant; and (b) between the first trading date after 24 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

As of the Latest Practicable Date, other than the one individual who were our Directors, senior management members and/or other connected persons of our Company disclosed above, no restricted A Shares were granted to any Directors, senior management members and/or other connected persons of our Company under the 2025 Restricted A Shares Incentive Scheme.

Save for the one grantee disclosed above, the remaining 104 grantees who were not our Directors, senior management members or other connected persons of our Company, were granted an aggregate of 2,880,900 restricted A Shares, representing approximately 0.80% of the total issued share capital of our Company Latest Practicable Date, and [REDACTED]% of the total issued share capital of our Company immediately after the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes).

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within two years preceding the date of this document:

- (a) the share purchase agreement dated March 22, 2024 entered into by and among our Company, D-infuture Tech, Ms. Wang Qian (王茜) and Mr. Zhang Hao (張昊), pursuant to which our Company agreed to purchase 100% equity interest in D-infuture Tech from Ms. Wang Qian at a consideration of RMB180 million;
- (b) [REDACTED]; and
- (c) [•]

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No	Place of registration	Registered owner	Trademark	Class	Registration number	Expiry date
1	PRC	Our Company	舜目AI模盒	42	79724711	February 6, 2035
2	PRC	Our Company	云天智巡	09	78588910	February 6, 2035
3	PRC	Our Company	云天智联	09	78573566	February 6, 2035
4	PRC	Our Company	云天深海	42	60599871	April 27, 2032
5	PRC	Our Company	云天天舟	36	60599728	April 27, 2032
6	PRC	Our Company	云天天衡	36	60596804	April 27, 2032

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No	Place of registration	Registered owner	Trademark	Class	Registration number	Expiry date
7	PRC	Our Company	云天图	35	60596687	July 6, 2032
8	PRC	Our Company	云天穹	38	60594909	April 27, 2032
9	PRC	Our Company	云天海鸥	36	60594269	April 27, 2032
10	PRC	Our Company	云天深邃	09	60594169	April 27, 2032
11	PRC	Our Company	云天书	38	60593839	April 27, 2032
12	PRC	Our Company	云天深智	45	60592862	April 27, 2032
13	PRC	Our Company	云天仪	38	60591391	April 27, 2032
14	PRC	Our Company	云天深迹	45	60586634	April 27, 2032
15	PRC	Our Company	DeepML	09	52465659	December 20, 2031
16	PRC	Our Company	intellifusion	09	45986686	January 20, 2031
17	PRC	Our Company	DeepEdge	45	41299368	May 27, 2030
18	PRC	Our Company	云天励飞	10	40781136	April 13, 2030
19	PRC	Our Company	intellifusion 云天励飞	09	40776891	June 27, 2030
20	PRC	Our Company	商瓴 Vestor Building	36	38693344	March 6, 2030
21	PRC	Our Company	商簿 Vestor Book	35	36674445	September 27, 2030
22	PRC	Our Company	云天深目	41	30033668	February 27, 2029
23	PRC	Our Company		07	29688993	February 6, 2029
24	PRC	Our Company	DeepEye	45	26229229	September 27, 2028

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No	Place of registration	Registered owner	Trademark	Class	Registration number	Expiry date
25	PRC	Our Company		37	26229186	September 27, 2028
26	Hong Kong	Our Company		09, 16, 42	306922918	June 5, 2035

(b) Domain Name

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Registered owner	Domain name	Date of approval
1.	Our Company	intellif.com	November 23, 2013
2.	Dr. LookAi	drlookai.com	September 11, 2024
3.	D-infuture Tech	szqiancheng.cn	October 8, 2024

(c) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Place of registration	Registered owner	Registration number	Application date
1	Convolution calculation methods, systems, equipment and storage media (卷积计算方法、系统、設備及存儲介質)	PRC	Our Company	2021109976226	August 27, 2021
2	A data management method, neural network processor and terminal equipment (一種數據管理方法、神經網絡處理器和終端設備)	PRC	Our Company	2020105908441	June 24, 2020
3	Memory access methods, devices, electronic equipment and storage media (存儲器的訪問方法、裝置、電子設備和存儲介質)	PRC	Our Company	2021116204899	December 27, 2021
4	The invention relates to a neural network operation method and related equipment (神經網絡運算方法及相關設備)	PRC	Our Company	2020106023074	June 28, 2020
5	Neural network computing device (神經網絡計算裝置)	PRC	Our Company	2020107199007	July 22, 2020
6	Convolution calculation method, device, equipment and storage medium (卷积计算方法、裝置、設備及存儲介質)	PRC	Our Company	2019114256745	December 31, 2019
7	Image analysis method based on convolutional neural network and related equipment (基於卷积神經網絡的圖像分析方法及相關設備)	PRC	Our Company	2020100157446	January 7, 2020
8	Image recognition neural network processing methods, devices and systems (圖像識別神經網絡處理方法、裝置與系統)	PRC	Our Company	2019114257979	December 31, 2019

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent	Place of registration	Registered owner	Registration number	Application date
9	Method and device for realizing full connection layer, electronic equipment and computer readable storage medium (一種全連接層的實現方法、裝置、電子設備及計算機可讀存儲介質)	PRC	Our Company	2018113757427	November 19, 2018
10	The invention discloses a neural network processor and a control method thereof (一種神經網絡處理器及其控制方法)	PRC	Our Company	2019114034523	December 27, 2019
11	Processing element, apparatus and method for implementing convolution operation (用於實現卷積運算的處理元件、裝置和方法)	PRC	Our Company	2018113034428	November 2, 2018
12	Data stream operation method, processor and computer storage medium (數據流操作方法、處理器和計算機存儲介質)	PRC	Our Company	2018113034413	November 2, 2018
13	Calculation method of sparse neural network and related product (稀疏神經網絡的計算方法及相關產品)	PRC	Our Company	2017114806290	December 29, 2017
14	Hardware system and electronic device (硬件系統和電子設備)	PRC	Our Company	201811056568X	September 11, 2018
15	Data compression method and related device (數據壓縮方法及相關裝置)	PRC	Our Company	2018116413252	December 29, 2018
16	Image processing method Apparatus, electronic apparatus, and computer-readable storage medium (圖像處理方法、裝置、電子設備及計算機可讀存儲介質)	PRC	Our Company	2020110768338	October 10, 2020
17	Artificial intelligence computing device and related products (人工智能計算裝置及相關產品)	PRC	Our Company	2017114842282	December 29, 2017
18	Gradient updating method of image processing model Device and system (圖像處理模型的梯度更新方法、裝置及系統)	PRC	Our Company	202011064730X	September 30, 2020
19	Artificial intelligence device (人工智能裝置)	PRC	Our Company	2019111156868	November 14, 2019
20	Algorithm program loading method and related device (一種算法程序加載的方法及相關裝置)	PRC	Our Company	2018116417906	December 29, 2018

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(d) Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Software Name	Owner	Registration No.	Date of Registration
1	Intellifusion Urban Governance Multi-Modal Large Model City Diagnosis Platform V1.0 (雲天勵飛城市治理多模態大模型城市體檢平台V1.0)	Our Company	2025SR0542040	March 28, 2025
2	Intellifusion Video Patrol Application System Software V1.0.0 (雲天勵飛視頻巡邏應用系統軟件V1.0.0)	Our Company	2024SR1583205	October 22, 2024
3	Intellifusion Digital Government Affairs Large Model Software V1.0.2 (雲天勵飛數字政務大模型軟件V1.0.2)	Our Company	2024SR1271058	August 29, 2024
4	Intellifusion IFMind Large Mode Platform Software V1.0 (雲天勵飛天書大模型平台軟件V1.0)	Our Company	2024SR0945553	July 5, 2024
5	Intellifusion All-things Recognition Application Platform Software V1.0.0 (雲天勵飛萬物識別應用平台軟件V1.0.0)	Our Company	2024SR0110095	January 16, 2024
6	Intellifusion Intelligent Surveillance Intelligent Analysis System V1.0.0 (雲天勵飛智慧監所智能分析系統V1.0.0)	Our Company	2024SR0020271	January 3, 2024
7	Intellifusion Smart Police Workstation Software V1.0.1 (雲天勵飛智慧警務工作軟件V1.0.1)	Our Company	2024SR0017499	January 3, 2024
8	Intellifusion Electric Vehicle Management Software V1.0.4 (雲天勵飛電動車管理軟件V1.0.4)	Our Company	2024SR0017548	January 3, 2024
9	Intellifusion Smart Supervision Software V1.0.1 (雲天勵飛智慧督查軟件V1.0.1)	Our Company	2024SR0017523	January 3, 2024
10	Intellifusion Smart Inspection Industry Platform Software V1.0 (雲天勵飛智慧巡檢行業平台軟件V1.0)	Our Company	2023SR1668800	December 18, 2023
11	Intellifusion Intelligent Edge Box Platform V2.1 (雲天勵飛智能邊緣網關平台V2.1)	Our Company	2023SR0401532	March 27, 2023
12	Intellifusion DeepOcean Foundation Application Platform V1.0.0 (雲天勵飛深海基礎應用平台V1.0.0)	Our Company	2021SR1673641	November 9, 2021
13	Intellifusion Neural Network Processor Chip Development Kit Software V1.0 (雲天勵飛神經網絡處理器芯片開發套件軟件V1.0)	Our Company	2021SR1569529	October 27, 2021
14	Intellifusion Algorithm Repository Software V1.0 (雲天勵飛算法倉庫軟件V1.0)	Our Company	2021SR0461623	March 29, 2021
15	Intellifusion Intelligent Transportation Smart Passenger Flow OD Analysis Software System V1.0 (雲天勵飛智慧交通智能客流OD分析軟件系統V1.0)	Our Company	2021SR0107817	January 20, 2021
16	Intellifusion Facial Retrieval System Software V2.0 (雲天勵飛人臉檢索系統軟件V2.0)	Our Company	2019SR1447983	December 27, 2019

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Software Name	Owner	Registration No.	Date of Registration
17	Intellifusion Surveillance Application Unit Software V2.0 (雲天勵飛布控應用單元軟件V2.0)	Our Company	2019SR1330545	December 10, 2019
18	Intellifusion Vehicle Structuring Algorithm Software V1.0 (雲天勵飛車輛結構化算法軟件V1.0)	Our Company	2019SR0279820	March 26, 2019
19	Intellifusion Video Image Database Software V1.0 (雲天勵飛視頻圖像信息數據庫軟件V1.0)	Our Company	2019SR0247936	March 14, 2019
20	Intellifusion Individual Profile Management Software V1.0 (雲天勵飛一人一檔管理軟件V1.0)	Our Company	2019SR0245420	March 13, 2019
21	Intellifusion Video Structuring System Software V1.0 (雲天勵飛視頻結構化系統軟件V1.0)	Our Company	2019SR0244431	March 13, 2019
22	Intellifusion Facial Recognition Algorithm Software V1.0 (雲天勵飛人臉識別算法軟件V1.0)	Our Company	2018SR876395	November 1, 2018
23	Intellifusion Safe Campus Facial Recognition System Software V1.0 (雲天勵飛平安校園人臉識別系統軟件V1.0)	Our Company	2018SR718244	September 6, 2018
24	Intellifusion Portrait Search Engine Software V1.0 (雲天勵飛人像搜索引擎軟節點軟件V1.0)	Our Company	2017SR470755	August 25, 2017
25	Intellifusion Portrait Structuring Engine Software V1.0 (雲天勵飛人像結構化引擎軟節點軟件V1.0)	Our Company	2017SR470603	August 25, 2017
26	Intellifusion Video Stream Structuring Engine Software V1.0 (雲天勵飛視頻流結構化引擎軟節點軟件V1.0)	Our Company	2017SR464636	August 22, 2017
27	Intellifusion Streaming Media Unit Software V1.0 (雲天勵飛流媒體單元軟件V1.0)	Our Company	2017SR463137	August 22, 2017
28	Intellifusion Data Mining Engine Software V1.0 (雲天勵飛數據挖掘引擎軟節點軟件V1.0)	Our Company	2017SR464090	August 22, 2017
29	Intellifusion Facial Recognition System Software V1.0 (雲天勵飛人臉識別系統軟件V1.0)	Our Company	2016SR323820	November 9, 2016
30	Intellifusion Facial Retrieval System Software V1.0 (雲天勵飛人臉檢索系統軟件V1.0)	Our Company	2016SR288921	October 11, 2016

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of our Directors and the Chief Executive of our Company*

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2023 Restricted A Shares Incentive Scheme), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of our Company’s associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the [REDACTED], in each case once the H Shares are [REDACTED] on the [REDACTED], will be as follows:

Name of Director or chief executive	Nature of interest	Description of Shares	Number of A Shares directly or indirectly held ⁽¹⁾	Approximate percentage of interest in our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] ⁽²⁾	Approximate percentage of shareholding in the total issued and outstanding share capital of our Company immediately following the completion of the [REDACTED] ⁽³⁾
Dr. Chen	Beneficial interest	A Shares	83,672,080	23.27%	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	A Shares	6,083,700	1.69%	[REDACTED]
Mr. Deng Haoran	Beneficial owner ⁽⁵⁾	A Shares	700,000	0.22%	[REDACTED]
Mr. Li Jianwen	Beneficial owner ⁽⁶⁾	A Shares	50,000	0.01%	[REDACTED]
	Interest in controlled corporation ⁽⁷⁾	A Shares	5,920,350	1.65%	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of Shares in issued as of the Latest Practicable Date.
- (3) The calculation is based on the assumption that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Share Incentive Schemes.
- (4) As of the Latest Practicable Date, Mingde Zhiyuan is wholly owned by Dr. Chen. Therefore, Dr. Chen is deemed to be interested in all Shares held by Mingde Zhiyuan.
- (5) Mr. Deng Haoran was granted 400,000 restricted A Shares under the 2023 Restricted A Shares Incentive Scheme subject to the conditions thereof and 300,000 A Shares held by him.
- (6) Mr. Li Jianwen was granted 50,000 restricted A Shares under the 2023 Restricted A Shares Incentive Scheme subject to the conditions thereof.
- (7) As of the Latest Practicable Date, the general partner of Shenzhen Yuntian Chuangxiang II was Mr. Li Jianwen. Therefore, Mr. Li Jianwen is deemed to be interested in all Shares held by Shenzhen Yuntian Chuangxiang II.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(b) *Interests of the Substantial Shareholders*

For information on the persons who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the [REDACTED] under the provisions of [REDACTED] of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see “Substantial Shareholders.” Save as disclosed in “Substantial Shareholders,” our Directors and the chief executive of our Company are not aware of any person, not being a Director or chief executive of our Company, who has an interest or short position in our Shares, underlying Shares or debentures of our Company which, once our H Shares are [REDACTED], would have to be disclosed to us under the provisions of [REDACTED] of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

2. Directors’ Service Contracts and Letters of Appointment

We [have entered] into a service contract or letter of appointment with each of our Directors. The principal particulars of these service contracts and letters of appointment include (i) the term of service, and (ii) are subject to termination in accordance with their respective terms. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered into any service contracts or letters of appointment as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

See “Directors and Senior Management” and Note 9 to the Accountants’ Report in Appendix I to this document for the remuneration or benefits in kind of our Directors for the three years ended December 31, 2025.

No remuneration was paid by the Company to the Directors or the five highest paid individuals as inducement to join or upon joining the Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

4. Directors’ Competing Interests

Saved as disclosed in “Directors and Senior Management—Non-Competition”, none of our Directors is interested in any business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with the business of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are [REDACTED] on the Hong Kong Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in “—D. Other Information—5. Qualification of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the persons listed in “—D. Other Information—5. Qualification of Experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (e) save in connection with the [REDACTED], none of the persons listed in “—D. Other Information—5. Qualification of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as contemplated under the [REDACTED], none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company’s five largest customers and five largest suppliers.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in this document, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of approximately US\$1.2 million for acting as the sponsors for the [REDACTED].

4. Material Adverse Change

Our Company did not incur any material preliminary expenses. Our Directors confirm that, up to the date of this document and other than disclosed in “Summary—Recent Development and No Material Adverse Change,” there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinions and/or advice in this Document are as follows:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited.	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leverage foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities
CITIC Securities (Hong Kong) Limited.	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
CMB International Capital Limited . .	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance)
Baker Tilly Hong Kong Limited. . . .	Certified public accountants, and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Name	Qualification
King & Wood	PRC Legal Advisor
Commerce and Finance Law Offices LLP	Legal advisor as to International Sanctions law to our Company
China Insights Industry Consultancy Limited	Independent industry consultant

6. Consents and Interests of Experts

Each of the experts as referred to in “—D. Other Information—5. Qualification of Experts” has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoters

The promoters of our Company are all then 47 Shareholders of our Company as of July 21, 2020 before our conversion into a joint stock company.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

8. Preliminary Expenses

We have not incurred any material preliminary expense.

9. Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(2) *Consultation with Professional Advisors*

Potential investors in [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

12. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see “Summary of Articles of Association—Increase, Reduction and Repurchase of Shares Capital—Repurchase of Shares” in Appendix III to this document.

13. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (d) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
- (e) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) since December 31, 2025 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;
- (h) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and
- (i) our Company has no outstanding convertible debt securities or debentures.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in the section headed “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix IV to this document; and
- (b) the written consents referred to in the sub-section headed “Statutory and General Information—D. Other Information—6. Consents and Interests of Experts” in Appendix IV to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.intellif.com during a period of 14 days from the date of this document:

- (a) the Articles of Association of the Company;
- (b) the audited consolidated financial statements of our Group for three years ended December 31, 2023, 2024 and 2025;
- (c) the Accountants’ Report issued by Baker Tilly Hong Kong Limited, the text of which is set out in Appendix I to this document;
- (d) the report from Baker Tilly Hong Kong Limited on the unaudited [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (e) the PRC legal opinion issued by King & Wood, our PRC Legal Advisor, in respect of certain aspects of our Group;
- (f) the international sanctions legal memorandum issued by Commerce and Finance Law Offices LLP, our International Sanctions legal advisor;
- (g) the material contracts referred to in the section headed “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix IV to this document;
- (h) the written consents referred to in the section headed “Statutory and General Information—D. Other Information—6. Consents and Interests of Experts” in Appendix IV to this document;
- (i) the service contracts and the letters of appointment referred to in the sub-section headed “Statutory and General Information—C. Further Information about Our Directors, Chief Executive and Substantial Shareholders—2. Directors’ Service Contracts and Letters of Appointment” in Appendix IV to this document;
- (j) CIC Report; and
- (k) the PRC Company Law, the PRC Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.