OVERVIEW

Who We Are

We are a provider of semiconductor assembly and testing technical solutions, principally engaged in developing packaging design, offering customized packaging products as well as packaging product testing service.

According to Frost & Sullivan, upon the "post-Moore era" where growth in transistor density reaches its scaling limit, reliance on new semiconductor packaging architectures as a critical link between chip design and application becomes the key driver for enhancing performance, efficiency and flexibility of chip functionality.

Since our establishment in September 2020, we have explored the field of advanced packaging, accumulated know-how on our packaging technology and equipped ourselves with mass-production capability for advanced packaging, covering QFN, BGA, LGA, WLP and 2.5D/3D products. We launched "Chiplet and Advanced Package integration Center (CAPiC)", a platform to advance our technological know-how and continue to develop new technologies across all technical branches of the advanced packaging domain.

Our packaging products gained recognition from various well-established customers, resulting in a strong revenue growth during the Track Record Period. Our revenue increased from RMB509.1 million in 2023 to RMB827.4 million in 2024, and further to RMB1,012.2 million in 2025. We had a loss of RMB358.9 million, RMB376.6 million and RMB483.1 million in 2023, 2024 and 2025. We experienced an improvement in our gross loss margin for the years ended December 31, 2023, 2024 and 2025 at 38.4%, 20.1% and 18.0%.

Our position in packaging industry is solidified by our continuous efforts in technological innovation and advancement. We have registered, and are in the process of registering, our self-developed intellectual properties to safeguard our technological know-how against third parties and unauthorized use. As of the Latest Practicable Date, our Group possessed 225 patents, which consisted of 39 invention patents and 186 utility model patents in the PRC. We also owned three PCT patent applications. This extensive intellectual property portfolio not reinforces our competitive advantage drive future advancement in packaging technology.

We operate on an OSAT model, while our customer would focus on semiconductor chip design and wafer manufacturing. The OSAT model not only allows us to focus our expenditure on our R&D in developing our know-how on advanced packaging techniques, and equipment and facilities specifically utilized for packaging production and testing. Semiconductor chip design companies are increasingly focused on reducing time-to-market, and having the right packaging technology and capacity is essential. Many of them lack the equipment or expertise to implement packaging solutions at scale, prompting them to rely on independent packaging solution providers like us. As packaging design, production, and testing become more complex and having its own niche, outsourcing to OSAT companies, offers a cost-effective path. Our OSAT model allows us to invest in advanced packaging R&D and specialized facilities, helping customers access new technologies without intensive in-house development.

Market Opportunities

According to Frost & Sullivan, the global semiconductor market reached RMB4,371.0 billion in 2024 and is projected to grow to RMB6,548.0 billion by 2029; and the PRC market grew to RMB1,602.2 billion in 2024 and is expected to reach RMB2,813.3 billion by 2029. The global semiconductor packaging and testing market expanded from RMB495.6 billion in 2020 to RMB649.4 billion in 2024, with the PRC reaching RMB248.1 billion in 2024. By 2029, the global semiconductor packaging and testing market is expected to reach RMB933.0 billion, while the PRC market is forecasted to reach RMB390.0 billion. Globally, the advanced packaging and testing market grew from RMB214.1 billion in 2020 to RMB312.4 billion in 2024, and is expected to reach RMB524.4 billion by 2029. In 2025, it is projected to surpass traditional packaging, accounting for over 50% of the total packaging market according to Frost & Sullivan. In the PRC, the advanced packaging market reached RMB96.7 billion in 2024 and is forecasted to grow to RMB188.8 billion by 2029 with a CAGR of 14.3% from 2024 to 2029, which is expected to outpace the global growth according to Frost & Sullivan.

The market is experiencing unprecedented growth, driven by: (a) strong national policy support; (b) expanding applications in artificial intelligence (AI), high-performance computing (HPC) and the rise of AI-powered consumer electronics; and (c) the ongoing trend of domestic substitution and localization of advanced packaging technologies.

(a) ***Strong Policy Support***. On August 26, 2025, China's State Council issued the Opinions on Deepening the Implementation of the Artificial Intelligence Plus Action (國務院關於深入實施"人工智能+"行動的意見), outlining a strategic framework across six key areas, including technological innovation, industrial upgrading, and social governance. The policy sets a target penetration rate of over 70% for next-generation intelligent terminals and AI agents by 2027. It is expected to drive the growth of high-speed optical communication infrastructure and create increased demand for automotivegrade advanced packaging solutions. Our TGV and TMV technologies enhance chip integration density and reduce signal transmission loss, supporting the low-latency, high-reliability needs of computing networks and unlocking significant potential in projects of national scale.

(b) ***AI and Emerging Consumer Electronics as Growth Drivers***. According to Frost & Sullivan, the expansion of AI and HPC applications is pushing demand for greater computing power, memory bandwidth and energy efficiency. As semiconductor processes advance toward 3nm and beyond, physical and cost challenges intensify, making advanced packaging technologies, critical for boosting performance and integration while reducing costs. At the same time, the shift from "cloud-based AI" to "edge AI" is accelerating as edge AI integrates algorithms directly into devices like smartphones and wearables, enabling real-time processing and enhancing privacy. This trend is reshaping consumer electronics, driving demand for high-density, low-power and high-bandwidth packaging solutions across applications like smart vehicles, AI computers and so-forth.

(c) ***Continuous Momentum in Domestic Substitution***. Countries worldwide are strengthening semiconductor industry support policies. Geopolitical factors are accelerating the localization of advanced packaging technologies. In the PRC, measures like special subsidies and R&D incentives optimize industrial chain layout for advanced packaging. Localization of key industry links (chip design, manufacturing, equipment supply) has accelerated, and domestic enterprises' share in the packaging market has gradually risen. Policy in the PRC tends to encourage domestic enterprises to attract capital and talent, promote upstream-downstream coordinated development, and enhance supply chain self-reliance and international competitiveness in the field of advanced packaging. According to Frost & Sullivan, as driven by changing international trade environments and PRC's demand for domestic and independent semiconductor development, localization in advanced packaging and testing has become more prominent. PRC enterprises have made continuous breakthroughs in advanced packaging technology. As the scale of R&D, talent cultivation, and capital investment increase, the localization process is expected to further accelerate.

OUR STRENGTHS

Providing End-to-End Solutions Powered by New Technology

Since our inception in 2020, we capitalized on the evolution of advanced packaging technologies to develop innovation-driven product ecosystem. We successfully commenced our mass production of packaging products in different phases: (a) in 2021, we achieved technological capability of mass production of QFN, WLP and LGA, and possessed the packaging know-how of System-in-Package (SiP), which lays the foundation for system-level packaging; (b) in 2022, we continued to enrich our know-how by commencing the production of BGA, while equipping ourselves with high-density integration capability with chiplet technology; (c) in 2025, we achieved another breakthrough by possessing the batch production ability for our 2.5D/3D product.

In 2023, we launched our CAPiC platform, encompassing four core technology domains, namely, LDFO, 2.5D/3D, X-SiP and TXV. Our platform aims to deliver high-bandwidth, low-latency and reliable packaging solutions tailored for high-performance computing, AI and data

center applications. Through development, we established a comprehensive technical infrastructure that spans advanced packaging and testing capabilities. We are equipped with packaging technologies, including 2.5D/3D integration, bumping, flip chip (FC), and wire bonding (WB), while testing processes cover PreBump-CP, PostBump-CP, and final testing (FT). This enables the delivery of technical solutions for a wide range of applications, including processors, computing chips, RF modules, power and audio components, and various density memory products. By consolidating packaging and testing under one roof, we are able to accelerate production timelines, reduce logistics and coordination costs, resolve technical challenges more holistically and minimize customer management overhead.

Since 2025, we strengthened our R&D and production capabilities in advanced packaging technologies across three major areas: GPUs, optical modules, and high-end AI power management chips. Leveraging core processes, such as, bumping, TSV, TMV, 2.5D/3D, SiP, FC-LGA, and FC-CSP, we positioned ourselves to meet next-generation AI computing and high-speed optical interconnect packaging demands. Each segment achieved technological validation and customer adoption.

(a) ***Advanced packaging for optical modules:*** In the field of high-speed optical modules, we leverage advanced packaging technologies, such as, bumping, TMV, and TSV to achieve interconnection of high-speed electronic integrated circuits (EIC)/photonic integrated circuits (PIC) chips, supporting innovation and product implementation in cutting-edge near-packaged optics (NPO) and CPO architectures. By the end of 2025, we initiated technical exchanges with leading domestic optical module enterprises, subsequently signed NDA confidentiality agreements, and formally commenced deep product collaboration.

Linear Pluggable Optics-electronic integrated circuits (LPO–EIC) & photonic integrated circuits-flip chip (PIC–FC). We completed full-process validation of the customer's product, and possess mass production capability at the beginning of 2026, with current monthly capacity reaching 1,500 wafers. As of early 2026, we had introduced 20 product devices to a customer becoming its strategic partner in the advanced packaging area.

Near-packaged optics- electronic integrated circuits (NPO–EIC) & photonic integrated circuits (PIC–2.5D). We overcame multiple technical challenges, standing out in competition with leading domestic OSAT enterprises. We successfully delivered the world's first-generation NPO daisy-chain samples, which passed open/short (O/S) reliability testing in the customer's laboratory. The customer's real device chip products are in the same building phase in our advanced packaging line with delivery expected in 2026. At the beginning of 2026, senior executives from the customer, together with the R&D management team of a top U.S. AI system manufacturer, visited our company to conduct exchanges on NPO and other advanced packaging technologies. By mid-2026, multiple new NPO products from the customer are expected to be introduced into our production lines, gradually advancing toward large-scale mass production.

Optical circuit switching-micro electro mechanical systems (OCS-MEMS) and high-speed digital signal processor-flip-chip chip scale package (DSP-FCCSP). Together with the customer, we have jointly completed the packaging solution design for the first-generation R&D products. Delivery of the OCS product validation batch is planned for mid-2026, with packaging delivery of high-speed DSP chips scheduled for the end of 2026.

(b) ***Advanced packaging for high-end AI power management chips.*** For application scenarios involving high-end power management chips in AI servers, we introduced an integrated packaging solution based on bumping, SiP, FC-LGA, and FC-CSP, which meets the technical requirements of high power, high reliability, and miniaturization in AI server power management. We established strategic cooperation with leading international power management chip enterprises, with multiple packaging products undergoing reliability assessments. Large-scale mass production is planned for the second half of 2026. In early

2026, we held technical and business exchanges with a leading AI power management manufacturer. A series of customized packaging production line services for the customer were finalized, and both parties confirmed multiple packaging product lines and mass production intentions for future cooperation. These developments represent our recent achievements and reflect our commitment to advanced packaging technologies to meet the demands of next-generation AI infrastructure.

(c) ***Advanced packaging for GPU high-performance computing***. In the field of GPU high-performance computing, we laid out the 2.5D/3D advanced packaging technology roadmap and developed the FOCT-R, FOCT-S, and FOCT-L series packaging process platforms, which support high-end packaging requirements for high-performance computing chips. Among them, the FOCT-R packaging achieved batch production in 2024; FOCT-S and FOCT-L completed internal production line integration and process validation. In early 2026, we engaged with multiple domestic GPU design enterprises on product R&D and packaging adaptation, with product sampling and validation expected to commence in the second half of 2026.

We continue to increase investment in R&D and production lines of advanced packaging technology, building technological barriers, securing partnerships with leading customers, and ramping up mass production capabilities in areas, such as, high-speed optical interconnects, AI power management, and GPU high-performance computing. These efforts align with the rapidly growing packaging market demand driven by next-generation AI infrastructure, laying a foundation for our future performance growth and solid industry position.

Strong Market Recognition with Diverse Customer Portfolio Through Technical Excellence

By excelling in packaging innovation, we earned recognition from a wide array of customers. This has led to the formation of a diversified customer base across key chip segments. These capabilities enable precise service delivery to high-growth downstream markets, including AI, edge computing, automotive electronics and emerging consumer applications. In particular: (a) In the System-on-Chip (SoC) domain, we have leveraged advanced packaging technologies, including 2.5D integration, WB-BGA, FC-BGA, and Hybrid-BGA, to build partnerships with industry leaders. We have secured customers such as MediaTek Inc. (聯發科技股份有限公司) (2454.TW), which is ranked among the world's top five fabless semiconductor companies, and a leading mobile chip manufacturer in the PRC; (b) In the display chip sector, we build strong relationships with top-tier customers, including Amlogic (Shanghai) Co., Ltd. (晶晨半導體(上海)股份有限公司) and Novatek Microelectronics Corp. (聯詠科技股份有限公司) (3034.TW); (c) In the RF front-end sector, we developed expertise in WB-LGA, FC-LGA, and Hybrid-LGA packaging technologies. These capabilities have attracted customers, including Radrock (Chongqing) Technology Co., Ltd.* (銳石創芯(重慶)科技有限公司), Lansus Technologies Inc.* (深圳飛驤科技股份有限公司), XinpleTek (Shanghai) Co., Ltd.* (芯樸科技(上海)有限公司), Smarter Microelectronics (Guangzhou) Co., Ltd.* (廣州慧智微電子股份有限公司) (688512.SH) and Xinrui Microelectronics (Kunshan) Co. Ltd.* (芯睿微電子(昆山)有限公司); (d) In the Bluetooth segment, we utilized QFN packaging technology to serve customers, including Beken Corporation* (博通集成電路(上海)股份有限公司) and Bluetrum Technology (Shenzhen) Co., Ltd.* (深圳市中科藍訊科技股份有限公司); (e) In the power management sector, we applied QFN and WLP technologies to support compact, high-efficiency chip designs, enabling collaborations with customers, such as, Southchip Semiconductor Technology (Shanghai) Co., Ltd.* (上海南芯半導體科技股份有限公司) Joulwatt Electronic Co., Ltd.* (傑華特微電子股份有限公司), Shenzhen Injoinic Technology Co., Ltd.* (深圳英集芯科技股份有限公司) and Shanghai Awinic Technology Co., Ltd.* (上海艾為電子技術股份有限公司).

During the Track Record Period, our industry reputation and high-quality delivery enabled us to secure ongoing orders and earn recognition from customers. This has led to the accumulation of a solid customer base, with quality certification obtained from over 200 direct clients and from more than 50 end customers.

We are positioned to elevate our brand image and strengthen customer confidence in the packaging market. Achieving a remarkable CAGR of 41.0% from 2023 to 2025 and reaching RMB1,012.2 million in revenue for the year ended December 31, 2025, we demonstrated our ability to scale efficiently while delivering cutting-edge solutions. This financial strength together with our innovation and customer-centric execution empowers us to build a trusted brand and deepen long-term partnerships with our customers.

Use of Intelligent Manufacturing and Quality Management System

In line with the characteristics of advanced packaging, namely multi-technology integration and high customization, we have developed and implemented an automotive-grade quality management system using a new industrial internet system architecture, from equipment control logic and data exchange protocols to production management algorithms. Our system has been certified with ten certifications, including ANSI/ESD S.20.20-2021 (Assembly and testing of semiconductor integrated circuits), ISO9001 (Assembly and testing of semiconductor integrated circuits), IATF16949 (Manufacturing — Design and development of products – Assembly of semiconductor integrated circuits), ISO50001 (Energy management system), and ISO14001 (Research and Development, Product, and Testing of Advanced Packaging and Integrated Circuits).

For quality management, we adopted a dual-engine model of autonomous yield control and real-time big data monitoring: (a) the autonomous yield control module uses preset, refined quality parameters to detect abnormal fluctuations during production, intercepting potential risks and shifting quality control from post-inspection to preemptive prevention; and (b) the real-time big data monitoring system breaks down data silos across production and inspection, aggregating equipment operation data, product test data, and process flow information for real-time analysis. This enables dynamic optimization of production parameters. The effective operation of this system has improved our packaging and testing yields with stability and consistency, thereby laying a solid foundation for sustained business expansion.

Management Team with Pioneering Aspirations and Extensive Experience

Our chairman, Mr. Zhang (張國棟) aims to be an innovative visionary committed to upholding his dedication to and persistence in packaging innovation. With a distinguished academic and industry experience record, Mr. Zhang uses understanding of industry trends and customer needs to guide the Company's technological advancement and product positioning. The leadership by Mr. Zhang was pivotal in steering our Company to robust growth during the Track Record Period as our Company continues to achieve important milestones and materialize mass production since its inception. Mr. Zhang and, our senior management team possess extensive experience in enterprise management, product development and financial governance. Backed by Mr. Zhang's leadership, our Company is supported by a robust R&D department of 283 dedicated employees as of December 31, 2025, many of whom are semiconductor industry veterans. Our R&D department's expertise not only underpins our technological capability, but also underscores our commitment to driving industry innovation in the field of packaging.

STRATEGY

Continual R&D Strengthening Technological Barriers

We plan to solidify our position in the advanced packaging industry by relentless R&D effort. We expect to enrich our know-how in advanced packaging, iterate our products and elevate our product specifications and technological barriers. Our R&D strategy spans five key dimensions, including: (a) ***High-Performance 2.5D/3D Packaging Solutions.*** We are developing full-stack

solutions for logic, memory and optoelectronic chips, as well as RF modules. These technologies address the challenges of high-density heterogeneous integration and serve applications in 5G, consumer electronics, AI and data centers; (b) ***High-Precision Optical Sensing Solutions.*** Focused on advancing packaging for optical sensing chips, we aim to strengthen our technological edge in consumer electronics and industrial inspection; (c) ***Automotive-Grade Packaging Technologies***. We are creating robust packaging solutions tailored to the demanding automotive environment. These solutions meet the integration and stability needs of millimeter-wave radar and automotive-grade sensors; (d) ***Innovative Glass Substrate Technologies.*** By overcoming limitations of traditional organic substrates, we are developing high-density, low-loss glass-based carriers for high-end packaging. These are designed to support AI computing chips and advanced RF modules; and (e) ***Iterative Development of Existing Technologies.*** As AI and IoT applications expand, we are upgrading our existing product lines to meet evolving market demands for smaller, more powerful and highly integrated packaging solutions.

Furthermore, guided by our fifth generation R&D strategy, we are intensifying investment with a focus on "2.5D/3D packaging" as the core engine, driving coordinated breakthroughs across multiple technology domains. In particular: (a) ***Platform Development under the CAPiC Framework.*** We are deepening the construction of four major technology platforms, namely LDFO, X-SiP, TXV, and 2.5D/3D, within the CAPiC architecture to reinforce the technical foundation across our full product portfolio; (b) ***Advancing FOCT-S and FOCT-L (equivalent to COWOS-S/L) for Mass Production***. They are designed to meet the heterogeneous integration needs of mobile application processors and high performance computer (HPC) AI chips, and serve as critical enablers for collaboration with global tier-one customers; and (c) ***TGV Technology as a Key Enabler***. TGV technology offers interconnect density and low transmission latency. It overcomes the limitations of traditional silicon-based TSVs in large-scale high-frequency applications. We are establishing a comprehensive TGV technology matrix to accelerate product development and application deployment.

Specifically, we plan to advance the following: (a) *2.5D/3D Products: Core Engine for High-Density Interconnection.* 2.5D/3D packaging is key to overcoming silicon-based computing limits. We will focus on technologies like large-scale SoC-HBM interconnects, CPO optical links, wide-view interposer packaging for application processor — wafer-level multi-chip module, and advanced CT optical sensing. Development spans organic, silicon, glass, and embedded interposer substrates; (b) *LDFO Products: Automotive-Grade and RF Packaging Technologies.* We are advancing high-reliability automotive-grade packaging and efficient RF integration to lead in millimeter-wave radar and 5G RF applications. Focus areas include radar packaging, antenna-in-package, and GaN co-packaging; (c) *TXV Products: Breakthrough in Advanced Substrate Packaging:* We aim to overcome the limitations of silicon-based packaging with glass substrates and molded through-hole substrates. Focus areas include glass-based IPD development, RF modules and phased arrays, and high-performance GPU packaging based on molded through-hole substrates; (d) *X-SiP Products: High-Performance RF Module Innovation.* By building an independent X-SiP platform, we seek to develop technologies including, EMI shielding, DSmSiP processes, and OLGA packaging; (e) *QFN Products: Breakthrough to Large Sizes and Wettable Flank structures to Unlock High-Value Potential.* The business of QFN will focus on developing and mass producing large-size products, shifting away from small-size packages due to high costs and limited revenue. R&D efforts are underway for 15×15 mm formats to target high-end markets. Wettable Flank structures is introduced for automotive applications to support the upgrade of vehicle electronics; (f) *BGA Products: Breakthrough in Ultra-High-End Packaging.* We will focus on three key R&D directions: large-size substrate packaging, strip-type heat sink packaging, and embedded core substrate packaging. These innovations aim to support ultra-high-end chip packaging needs; and (g) *LGA Products: Innovation in High-End Module Integration.* We plan to develop high-density SiP module packaging, high-performance filter lamination processes, and fingerprint recognition chip packaging.

Through this strategic focus, we plan to establish ourselves as a key player in the advanced packaging market. For details of our R&D, see "Research and Development".

Strategic Expansion into Overseas Market

We aim for growth as we expand our operations into international markets, with a particular focus on Taiwan, China, South Korea, Japan, Southeast Asia, the U.S. and Germany. Our objective is to establish a strong presence in Taiwan, China, South Korea, Japan, Southeast Asia, the U.S. and Germany, where the demand for packaging products is increasing. Our expansion in these key markets would help us leverage emerging market opportunities to drive revenue and brand recognition. We will deepen our engagement with two of the leading fabless semiconductor companies in the Taiwan, China, and cultivate new business relationships by enhancing the marketing and business development initiatives of our sales department. We plan to explore new business opportunities in the packaging market in cities, including Taipei and Hsinchu, for our further engagement.

Broaden our Customer Base and Deepen our Relationships with Customers

We plan to attract new customers to grow our customer base by fostering close engagement with our potential new customers through visits, online communications and industry events, so that our targeted new customers are informed about our technological innovations, while also allowing us to gain an understanding of their needs and challenges. Meanwhile, we plan to strengthen our sales with existing customers in the PRC, such as Amlogic, by exploring new areas of cooperation with our new packaging products. We plan to deepen our collaboration with existing customers, and establish long-term business relationship with new customers by expanding our sales department and bringing in experienced sales personnel, enhancing digital marketing and related systems, strengthening our brand promotion and technical support and after-sales services. We also plan to improve the abilities of our sales department personnel with regular training and strengthen their interactions with other departments so to deepen their understanding of our technologies and product offerings.

Steadily Expand Production Capabilities Driven by Changes in Market Demand

We plan to further expand our production capabilities to satisfy increasing demand from our customer for our packaging products. We plan to purchase equipment and machinery, with an aim to strategically expand our 2.5D/3D and substrate-based packaging capacity. We plan to build and expand new production bases and production lines. We also intend to upgrade our production facilities to improve production efficiency by replacement and optimization of key equipment and production lines; and recruit personnel to support the expansion and upgrade.

Strengthening Talent Development for Long-Term Growth

We are advancing our human resources development by building a talent system with a global perspective. We plan to attract and retain industry talent by enhancing career development pathways, optimizing incentive mechanisms and fostering a positive work environment. For details on implementation of our strategies, see "Future Plans and [**REDACTED**]".

OUR BUSINESS MODEL

We provide our customers with packaging solutions through a number of key workflow processes. The following illustrates the key steps of our packaging business operation workflow:

(1) ***Customer Request Received from Newly Developed Business or Existing Customer Relationships.*** Our customers may be acquired through business development efforts of our sales department or may be returning customers to whom we had previously provided packaging solutions.

(2) ***Customer Needs Input and Analysis.*** During this initial phase, we engage in discussions with our customer to understand their needs and requirements, and tailor solutions to their needs such as, efficiency improvements, optimization and development of new technologies or products. We consider the scenarios our packaging design may have to face to determine the optimal range of parameters required for the packaging processes, including the size of the packaged chip, operating temperature limits and other conditions. We also determine the extent of the customization required during this stage to meet the customer's needs

(3) ***Development of Packaging Design and Product.*** We account for our customer's needs and system infrastructure of the end-customer's products to ensure that their needs are reflected in our packaging design and product. We conduct relevant R&D and perform feasibility studies to ensure that the proposed design and product align with our customer's requirements. Our feasibility studies generally include considerations of cost, efficiency, production rate and protection control requirements of the final product from overheating and other situations adversely impacting product performance, among others. A cross-departmental team ("**CDT**") consisting of representatives from various departments, such as R&D, sales and production is set up to formulate a packaging design and product development plan. This may involve exploring new packaging technologies or materials to enhance the product's performance and reliability.

(4) ***Formulation of Packaging Schedule and Production.*** Once the customer confirms to proceed with the execution of the packaging production, we would formulate a procurement and packaging schedule and coordinate on the arrangements for materials from our suppliers, workflow, management and oversight structure, manpower and resource allocation and packaging capacity and timeframe to ensure that the requisite packaging quality, quantity and delivery timeframe of our customer are met. The key stages of our packaging production vary from different packaging product. See "— Our Packaging Production Processes" in this section.

(5) ***Dispatching Packaged Products to Customers.*** Upon completion of the entire packaging production, we generally dispatch the packaged products to our customer's warehouse. Dispatching and logistics are the final stages in the packaging process, occurring after successful final testing and inspection. This phase involves preparation and transportation of packaged products to customers while ensuring their integrity and safety.

(6) ***After-sales Service and Support Service.*** After the packaged products are delivered, our sales department continues to provide after-sales customer service and support to the customer in relation to the packaged products. Such support includes consultation and advisory services for resolving customer queries, post-delivery verification of faulty packaging and coordination with customer on the return of goods sold. See "Quality Control and Product Recall Policy" in this section.

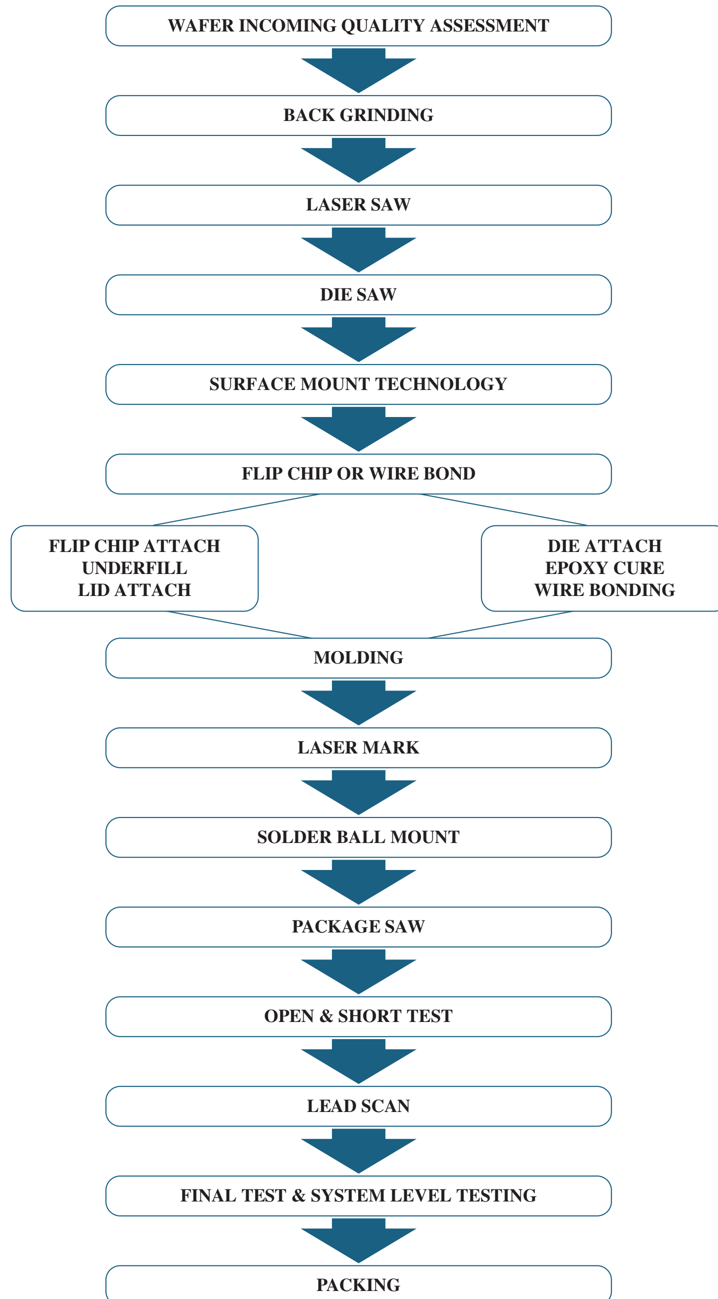
During the Track Record Period, we sold to our customers scrap and raw materials, primarily consisting of scrap copper and other metal materials, which contributed to an insignificant portion of our total revenue.

OUR PACKAGING PRODUCTION PROCESSES

Our production processes vary depending on the types and models of our packaging products. The following illustrates major steps in the production of our key products.

QFN, BGA and LGA Turnkey Processes

Our production processes for our QFN, BGA and LGA products can be divided into several major stages. Set forth below are details and explanations of key steps generally applicable, depending on the type and characteristics of the packaging products:



(1) *Wafer Incoming Quality Assessment (IQA).* It refers to the processes used to evaluate the quality of wafers before they are used in packaging production.

(2) *Back Grinding.* The back grinding process involves grinding the backside of a wafer to achieve a specific target thickness. This precision technique is essential for thinning the wafer, which enhances its performance and reduces material usage in the final packaging product.

(3) *Laser Saw.* The laser saw process utilizes a laser to remove metal and dielectric layers from the surface of silicon wafer, improving scribe line quality and reducing peeling issues.

(4) *Die Saw.* The die saw process involves the separation of a wafer into individual dies using a dicing blade. This precision cutting technique ensures that each die is separated while maintaining the integrity.

(5) *Surface Mount Technology.* Surface mount technology process involves placing electronic components suitable for surface amount production (resistors, capacitors, inductors, etc) on the substrate and soldering them using techniques like reflow soldering.

(6) *Flip Chip or Wire Bond Processes.* FC uses solder bumps with the chip facing down for shorter, high-performance connections ideal for compact, high-speed devices; while WB process places the chip facing upward and connects it with thin wires, offering a simpler, cost-effective solution suitable for most traditional electronics.

(a) *Flip Chip Attach.* The FC die attach process is used in our FC-BGA, FC-LGA and FC-QFN products, which involves sorting the good dice and forming the first level interconnection by placing and joining the sawed die in the right orientation onto the substrate with solder bumps reflowed to join the die to substrate. It is carried out by picking up the die from wafer and get it flip, than dip flux and attach the die onto the substrate.

Underfill: The underfill process involves filling the gap beneath a die with underfill material using capillary action. This technique ensures that the material flows into the voids, providing mechanical support and thermal stability to the die.

Lid Attach: The lid attach process is used in our FC-BGA product, which involves affixing a metal lid or ring around the die to provide protection and enhance thermal diffusivity. This metal lid serves as a barrier against physical damage and environmental factors, while also facilitating better heat dissipation from the die during operation.

(b) *Die Attach:* The die attach process is used in our WB-BGA, WB-LGA and WB-QFN products, which involves picking up semiconductor dice from the mounting tape and adhering them to a substrate or lead frame using either adhesive film or epoxy.

Epoxy Cure: The epoxy cure process is used in our WB-BGA, WB-LGA and WB-QFN products, which occurs after the die attach phase, where the adhesive used to bond the semiconductor die to the substrate is cured. This process typically involves applying heat or ultraviolet light to initiate the curing reaction, transforming the epoxy from a liquid state to a solid bond.

Wire Bonding Process: The wire bonding process is adopted for our WB-BGA, WB-LGA and WB-QFN products, which involves creating electrical connections between the semiconductor dice and the substrate fingers using fine wires.

(7) *Mold.* Injection molding is a process that involves using encapsulation materials to encase products, providing protection for internal components, such as, chips and wire bonds.

(8) *Laser Mark.* The laser mark process involves printing content, such as our logos, dates and 2D codes, directly onto the surface of a package using laser technology. This method allows for durable and legible markings that resist wear and fading over time for product identification and traceability.

(9) *Solder Ball Mount.* The solder ball mount process is used in our BGA product, which involves placing solder balls onto designated pads on the substrate, which establishes the final connection between the chip and the external circuit.

(10) *Package Saw.* The package saw process involves precisely separating each packaged chip into individual form, while maintaining structural integrity and minimizing mechanical stress.

(11) *Open & Short Test.* The open and short test process involves connecting the O/S (Open/Short) test box to the Device Under Test (DUT) position of the main testing setup. This is achieved through two modules: the O/S (Open/Short) board and the Test Interface (TIF)/Open/Short Interface (OSIF) board cards, which facilitate communication and connection with the main test system.

(12) *Lead Scan.* The lead scan process is used in our BGA product, which involves using optical principles to scan the appearance of our packaging product for quality assessment.

(13) *Final Test (FT) and System-level testing (SLT).* The final test process ensures each packaged product meets electrical and performance standards. Using automated test equipment, packaged chips are checked for functionality, signal integrity, and reliability under various conditions. System-level testing involves placing the packaged product into a system that closely simulates its final real-world application environment.

(14) *Packing.* Approved packaged products are sorted, labeled and packed according to customer requirements. This includes tray or tape-and-reel loading and traceable labeling. The process ensures safe handling and readiness for delivery to our customers.

WLP

WLP refers to the packaging processes completed at the wafer level, before the wafer is diced into individual chips. It generally includes Fan-In and Fan-Out types. Set forth below are details of key steps of each processing stage for our WLP (Fan-In) and WLP (Fan-Out) products:

WLP (Fan-In)

(1) *Bumping*. This step is the process of forming tiny metal bumps on the pads of each chip on a wafer to enable electrical and mechanical connections between the chip and external circuits.

(2) *Ball Drop*. Solder balls are placed on the designated RDL pads to enable external electrical connections. In WLP (Fan-In), these balls are confined within the die area, making the package compact.

(3) *Chip Probing Test*. Electrical testing is performed at this stage to verify the functionality of each die. Probes contact the solder balls or test pads to check for continuity, shorts, and performance metrics.

(4) *Grinding*. The wafer may be ground again to achieve the final target thickness. Grinding also improves heat dissipation and mechanical flexibility, while being conducted carefully to avoid damaging the die or interconnects.

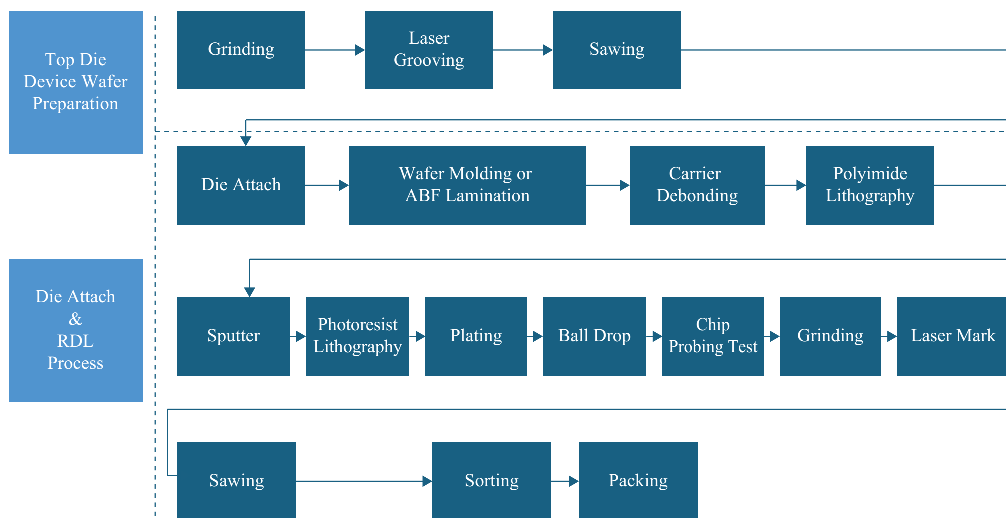
(5) *Laser Mark*. Each die is marked with a unique identifier using laser etching. This can include our logo, date and other traceability data. Laser mark is non-contact and highly precise, ensuring that the package can be tracked throughout its lifecycle without affecting its performance or reliability.

(6) *Sawing*. The wafer is diced into individual units using precision sawing tools. In WLP (Fan-In), the sawing need to be accurate to avoid damaging the solder balls or RDL structures.

(7) *Sorting*. After sawing, dies are sorted based on their electrical performance and quality. Good units are separated from defective ones and categorized into Bins for different grades or applications. Sorting ensures that only compliant packages are delivered to our customers.

(8) *Packing*. Sorted dies are packed into trays, tape-and-reel, or other formats suitable for delivery. This final step prepares the WLP (Fan-In) products for integration into electronic devices.

WLP (Fan-Out)



(1) *Grinding*. The device wafer is thinned to the target thickness to improve flexibility, thermal performance, and enable fine-pitch interconnects.

(2) *Laser Grooving (LG).* Laser grooving creates separation channels between dies. These grooves guide the dicing process and help isolate individual chips with high precision, minimizing mechanical stress.

(3) *Sawing.* The wafer is diced into individual dies using precision blades. This step separates the chips for redistribution and molding.

(4) *Die Attach.* Each die is flipped and attached to a carrier wafer or temporary adhesive film. This forms the base for fan-out redistribution and ensures accurate placement for subsequent molding.

(5) *Wafer Molding or ABF Lamination.* Dies are encapsulated in a mold compound to form a reconstituted wafer. This molded panel provides mechanical support and allows redistribution lines to extend beyond the die footprint, enabling the "Fan-Out" structure. ABF lamination is a process where Ajinomoto Build-up Film (ABF), a high-performance insulating material, is laminated onto a carrier to create fine-pitch interconnect layers.

(6) *Carrier Debonding.* The temporary carrier is removed, leaving the molded wafer with embedded dies. This step transitions the structure from assembly to interconnect formation.

(7) *Polyimide Lithography (PI Photo).* A polyimide layer is applied and patterned to insulate the RDL and relieve mechanical stress. It also defines openings for vias and solder ball pads.

(8) *Sputter.* A thin metal seed layer (typically titanium or copper) is deposited across the wafer surface. This layer serves as the foundation for electroplated redistribution lines (RDL).

(9) *Photoresist Lithography (PR Photo).* Photoresist is applied and patterned to define the routing paths for electroplating. This step ensures the precise formation of metal traces.

(10) *Plating.* Electroplating builds up copper traces on the seed layer, forming the redistribution lines that extend beyond the die area. These lines enable higher I/O density and flexible routing.

(11) *Ball Drop.* Solder balls are placed on the RDL pads to create external electrical connections. These balls allow the package to interface with PCBs using surface-mount technology.

(12) *Chip Probing Test.* Electrical tests are performed to verify die functionality and interconnect integrity. This step screens out defective units before final packaging.

(13) *Grinding.* The molded wafer may be ground again to achieve final package thickness and ensure flatness for handling and mounting.

(14) *Laser Mark.* Identification marks, date, our logo and other traceability data are etched onto each package using laser marking.

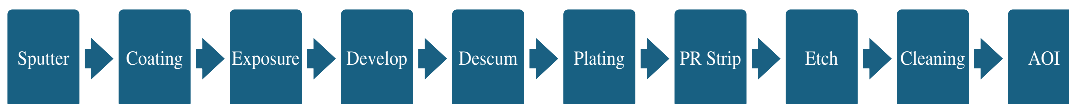
(15) *Sawing.* The molded wafer is diced into individual packages.

(16) *Sorting.* After sawing, units are sorted based on test results. Good units are separated from defective ones and categorized into Bins.

(17) *Packing.* Final units are packed into trays, tape-and-reel, or other formats suitable for delivery.

Bumping

Set forth below are details of key steps of each processing stage for our WLP Bumping product (taking 0P1M as an example):



(1) *Sputtering.* The bumping production process starts by depositing a thin metal layer, usually titanium or copper, onto the wafer using physical vapor deposition (PVD). This seed layer provides electrical conductivity for electroplating and ensures strong adhesion between the wafer and the metal bumps.

(2) *Coating.* A layer of photoresist is applied to the wafer via spin coating. This light-sensitive material defines the bump pattern during photolithography.

(3) *Exposure (Photolithography).* The wafer is exposed to ultraviolet light through a photomask that contains the bump layout. The ultraviolet light alters the chemical structure of the photoresist in specific areas. For positive photoresist, exposed regions become soluble; for negative photoresist, they become insoluble.

(4) *Development.* The wafer is developed using a chemical solution that removes either the exposed or unexposed photoresist, depending on the type. This reveals the openings where metal will be deposited.

(5) *Descum (Residual Removal).* Descum removes leftover photoresist and organic residues from the patterned openings using plasma or wet chemical cleaning. This step ensures the seed layer is clean and ready for electroplating.

(6) *Plating (Bump Formation).* Copper or solder (such as SnAg alloy) is electroplated into the openings to form the bumps. The wafer is placed in an electrolyte bath, and an electric current drives metal ions onto the seed layer.

(7) *Photoresist Stripping.* After plating, the remaining photoresist is stripped away using solvents or plasma ashing. This leaves only the metal bumps and the seed layer.

(8) *Etching (Seed Layer Removal).* The exposed seed layer around the bumps is etched away using wet or dry etching methods. This isolates the bumps and prevents unwanted electrical connections.

(9) *Cleaning.* The wafer undergoes a final cleaning to remove any remaining particles, residues, or oxides. This step typically involves chemical cleaning and rinsing with deionized water.

(10) *Automated Optical Inspection (AOI).* Automated optical inspection uses high-resolution cameras and software to inspect the wafer for defects, such as, missing, misaligned, or malformed bumps.

Testing on Packaged Product

The following illustrates major steps of our testing service on packaged products:

(1) *Storage Process.* The testing process involves several stages, starting with the storage of products awaiting further testing, packing and delivery in designated areas, such as, the routine testing warehouse, packing warehouse, and finished goods warehouse.

(2) *Bake Process.* The bake process, also known as dehumidification baking, involves removing moisture from packaging products by subjecting them to controlled heating. This process helps to eliminate any residual humidity within the products.

(3) *Final Testing (FT) & System Level Testing (SLT) Process.* In final testing process, our testing handlers categorize packaging products based on test results, sorting them into different Bins, being categories based on their test results, sorting them according to whether they pass, fail, or meet specific performance criteria. System Level Testing (SLT) refers to a testing process where the packaged products are placed in a system that closely simulates its final real-world application environment. These tests are configured and managed according to specific customer requirements.

(4) *Lead Scanning (LS).* In lead scanning process, good products undergo optical screening to ensure they meet customer specifications.

(5) *Tape-and-Reel/Tray Process.* This process involves transferring products from trays or bulk packaging into carrier tapes and winding them onto reels. This step is essential for organizing and protecting our packaging products during handling and transportation.

(6) *Quality Inspection.* The inspection process focuses on key control points by conducting manual visual inspections and quality assurance (QA) sampling based on product requirements. This ensures that any abnormalities or defects are identified.

(7) *Packing and Delivering.* It involves performing delivery packing on our packaging products according to customer specifications and requirements.

OUR PRODUCTS AND SOLUTIONS

We offer various types of packaging products, primarily covering QFN, LGA, BGA, WLP and 2.5D/3D. Due to the differences in electrical performance, size, application scenarios and other factors of different semiconductor products, the packaging forms are diverse and they can be divided into different categories, among which there are different packaging technologies in each category. As such, our diverse product portfolio of QFN, BGA, LGA, WLP and 2.5D/3D is designed to meet these needs across multiple categories.

The following table set forth the revenue for our packaging products in each year/period during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
QFN[(1)]	172,831	34.0	277,016	33.6	313,183	31.1
BGA[(2)]	183,455	36.1	244,084	29.6	305,549	30.3
LGA[(3)]	82,003	16.1	149,955	18.2	213,032	21.1
WLP[(4)]	70,057	13.8	152,003	18.5	176,541	17.5
2.5D/3D[(5)]	5	–	603	0.1	244	–
Total	**508,351**	**100.0**	**823,661**	**100.0**	**1,008,549**	**100.0**

Notes:

(1) QFN includes FC-QFN, WB-QFN and FC-SOT.

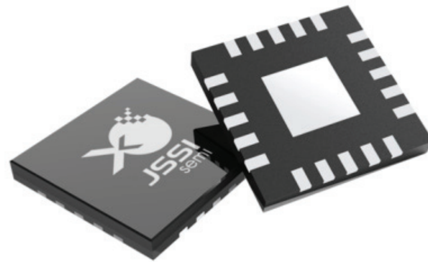
(2) BGA includes FC-BGA, WB-BGA and Hybrid-BGA.
(3) LGA includes FC-LGA, WB-LGA, Hybrid-LGA and SiP-LGA.
(4) WLP includes Bumping, DPS, WLP (Fan-In) and WLP (Fan-Out).
(5) 2.5D/3D includes FOCT-R.

For a detailed analysis of the material fluctuations of our revenue during the Track Record Period, see "Financial Information — Period-to-period Comparisons of Results of Operations."

The following table sets forth our key products offered in our packaging solutions and their respective characteristics and application area:

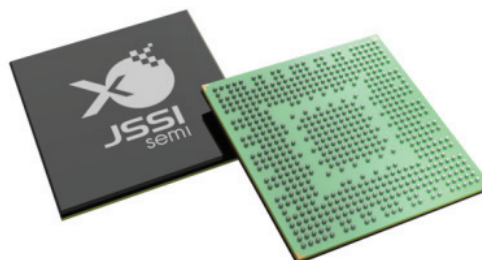
QFN (Quad Flat No-lead 方形扁平無引腳封裝)

The QFN is a type of packaging that utilizes a lead frame as the structural base for mounting semiconductor chips. One of its key features is the attachment method: the chip can be connected to the lead frame using either the WB process, or through FC process. This versatile connection method provides flexible solutions to satisfy different customer's requirements. Another significant aspect of QFN is its good thermal performance: the back of the package incorporates flat pads that facilitate connections to external circuitry, while a large exposed thermal pad at the center of the bottom efficiently dissipates heat generated during operation. QFN packages are widely used in 5G, WiFi and Bluetooth due to their compact size, good thermal performance and low inductance. The following picture illustrates our typical QFN product:



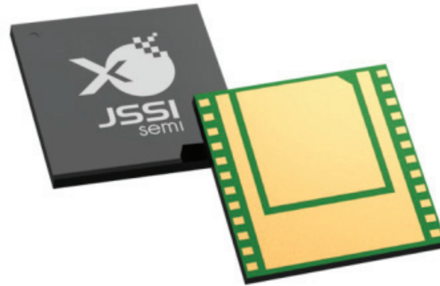
BGA (Ball Grid Array 球柵陣列封裝)

BGA is an type of advanced packaging, distinguished by its grid of small solder balls located on the underside of the package. These solder balls act as connection points between the chip and the PCB, allowing for efficient electrical connectivity. One of the key advantages of BGA is its high pin density, enabling a greater number of connections within a compact footprint, making it ideal for high-pin-count applications. BGA offers improved thermal performance as the design facilitates better heat dissipation through direct contact with the PCB. Furthermore, the shorter interconnections contribute to lower inductance and capacitance, thereby improving signal integrity, particularly in high-speed applications. We possess the technological capability to apply FC, WB and hybrid technologies in BGA. BGA is ideal for image processing and processor chips due to its high pin density, excellent thermal and electrical performance. The following picture illustrates our typical BGA product:



LGA (Land Grid Array 柵格陣列封裝)

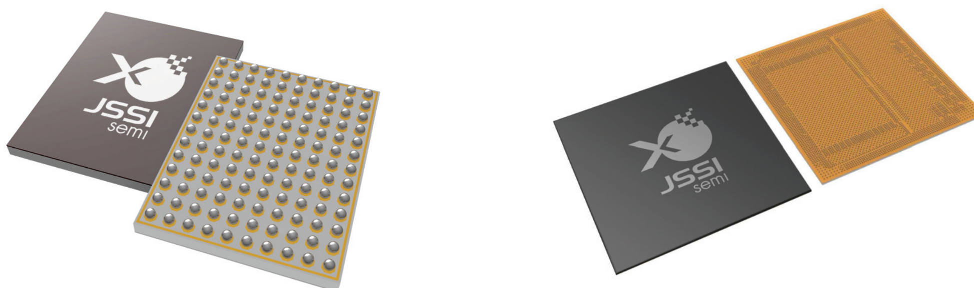
LGA is an advanced type of packaging that features flat pads on the underside of the package, which serve as connection points to the PCB. LGA's design allows for a more compact footprint, making it suitable for high-density applications. One of the advantages of LGA is its ability to facilitate electrical performance and thermal management, as the flat pads provide a larger contact area for soldering, enhancing reliability. We possess the technological capability in LGA to support System-in-Package (SiP) solutions. This integration allows for a higherconcentration of functionality in a smaller space, resulting in a compact system capable of handling diverse tasks within a single package. We have the capability to apply FC, WB and hybrid technologies in LGA. LGA is widely used in 2G-5G RF front-end chips, WiFi, Bluetooth, IoT, and touch integrated circuit chips. The following picture illustrates our typical LGA product:



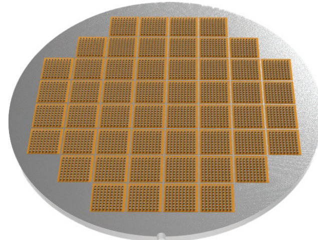
WLP (Wafer-Level Packaging)

WLP applies the packaging processes that first packaged and tested on the entire wafer, before singulation into individual chips. It not only reduces the size of the packaged chip, but also improves the speed and stability of data transmission through the minimization of the distance between the chip and external connections. As part of the WLP technology, WLP (Fan-Out) is an advanced packaging technology that enhances chip performance and integration by allowing I/O connections to be routed beyond the chip's physical dimensions. WLP (Fan-Out) offers several advantages over traditional packaging, including shorter interconnection paths that minimize signal delay, higher I/O density that supports more connections in a smaller footprint, and improved signal integrity. WLP is widely applied in consumer electronics, medical devices, computers, and 5G front-end modules (FEM) due to its ultra-compact form factor, high electrical performance and cost-efficient integration directly at the wafer level.

One of our noticeable technologies under the WLP category is Bumping (芯片上製作凸點). It is a key process in advanced packaging used to create microscopic metal bumps on the surface of a wafer. These bumps serve as electrical and mechanical interconnects between the chip and the substrate, enabling high-density and high-performance connections. Bumping supports fine-pitch designs, improves thermal and electrical performance, and is widely used in mobile devices, servers and 5G systems. Our WLP offering also includes LDFO (eWLB), a low-density fan-out technology tailored for mid- to low-tier chips with basic functionality and limited I/O requirements. It leverages conventional wafer-level processes to rebuild the wafer using molding compounds and creates redistribution layers (RDL) that enable efficient electrical connections and expanded pin-out capabilities. The following picture illustrates our typical WLP (Fan-In), WLP (Fan-Out) and Bumping products:



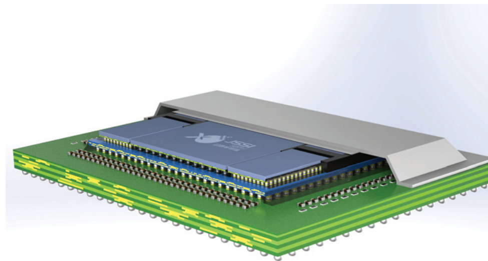
WLP (Fan-In) **WLP (Fan-Out)**



Bumping

2.5D/3D

2.5D/3D refer to packaging methods that connect multiple chips electrically through interposer (2.5D) or vertical stacking (3D). The 2.5D packaging processes use an interposer as an interconnection bridge to stack multiple chips integrated side-by-side and connected to a substrate. It involves placing multiple chips on an interposer as an interconnection bridge connected to a substrate, allowing them to connect through interconnects to provides shorter interconnection paths that reduce signal latency and improve bandwidth. It is applied in millimeter wave, RF and wireless chips, AI inference, IoT, and HPC. Moreover, 3D packaging vertically stacks multiple dies using TSV, micro-bumps, and advanced bonding technologies, which achieves direct electrical connection between stacked dies, thereby shortening interconnect paths and improving integration density and data transmission efficiency. We possess the technological capacity in FOCT-R (Fan-Out Connected Tech-RDL) as a sub-category of 2.5D/3D. It is a high-density packaging technology that uses ultra-fine redistribution layers (RDL) to interconnect chips, achieving line widths and spacing as small as 2μm. As a cost-effective alternative to traditional 2.5D/3D packaging, it eliminates the need for silicon interposers and supports integration of both homogeneous and heterogeneous chips. The following picture illustrates our typical 2.5D/3D packaging product:



Production Equipment

Our packaging product manufacturing facilities are essential for enhancing product quality and cost competitiveness. Most of our equipment and machines are highly automated, which allows us to enhance manufacturing efficiency and reduce labor costs. Our key production equipment for QFN, BGA and LGA covers all mainstream packaging equipment, including: (a) wafer grinder; (b) dicing machine; (c) surface mount technology (SMT) pick and place machine; (d) flip chip machine; (e) wire bonding machine, (f) molding machine; (g) solder ball placement machine, (h) printer to emit laser printing on the surface of the packaging product for date and logo traceability, and (i) testing equipment that includes an Automatic Test System (ATS) and probing station. Our key production equipment for WLP and 2.5D/3D cover: (a) sputtering machine; (b) photolithography machine; (c) plasma etching machine; (d) tube furnace; (e) electroplating machine; (f) etching machine; (g) 2D automated optical inspection (AOI) system; (h) reactive ion etching (RIE) equipment; (i) plasma-enhanced chemical vapor deposition (PECVD) equipment; and (j) temporary wafer bonding machine. The majority of our production equipment is of proprietary nature. For depreciation method of our equipment, see "Financial Information — Material Accounting Policies — Property, plant and equipment and depreciation".

Production Bases

As of the December 31, 2025, we had two production bases, namely, Nanjing production base and Yangzhou production base. The table below sets forth details of our production bases as of December 31, 2025:

Production Bases	Location	Gross Floor Area	Primary Products
		(s.q.m.)	
Nanjing production base	Nanjing	64,280.6 comprising three levels of production plants	QFN, BGA, LGA, WLP, 2.5D/3D
Yangzhou production base . .	Yangzhou	87,553.8 comprising three levels of production plants	LGA

Nanjing Production Base

Yangzhou Production Base

Set forth below are the production capacity, production volume and utilization rates of our production bases for the periods indicated:

	For the year ended December 31,								
	2023			2024			2025		
	Designed production capacity	Actual production volume	Utilization rate	Designed production capacity	Actual production volume	Utilization rate	Designed production capacity	Actual production volume	Utilization rate
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Nanjing production base	4,013,822,182	2,499,348,864	62.3	5,581,817,667	4,313,773,599	77.3	6,410,795,290	5,416,708,594	84.5
Yangzhou production base[(3)]	/	/	/	/	/	/	62,722,800	43,269,912	69.0

Notes:

(1) The designed production capacity is arrived at by multiplying: (a) the estimated number of hours for which packaging processing plants are in operation in a calendar year, by (b) the estimated packaging product volume (per unit) per hour of the products processed from the packaging processing plants.

(2) The utilization rate for each of the years ended is calculated based on the actual packaging volume for the relevant year divided by the annual designed packaging capacity.

(3) The discretion of the Yangzhou production base was commenced in July 2025.

Maintenance

We conduct regular maintenance of our production facilities and equipment. We have established internal procedures tailored to the unique characteristics and requirements of our production facilities and equipment. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged suspensions of operations due to facilities, equipment, machinery or other mechanical failures.

Pricing

We primarily determine prices of our packaging products on a range of factors, including: (i) the costs of delivering our products, which encompass purchasing costs of raw materials, costs that go into planning and managing packaging design, development, testing phases, R&D expenses and operational costs; (ii) the type and level of complexity and customization of the packaging requirements demanded by our customers; (iii) the competitive landscape for the comparable products, which takes into account our strengths and weaknesses relative to our competitors, their pricing strategies and the cost sensitivity of customers to the products. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers. As the product cost per unit decreases for large order volumes due to the principle of economies of scale, customers who consume our products in more units at once would generally be charged at a lower price per unit of our products. We encourage customers to order more units at once, which can increase our sales volume and potentially dilute production costs, thereby incentivizing customers to form long-term partnerships with us and resulting in more stable revenue streams.

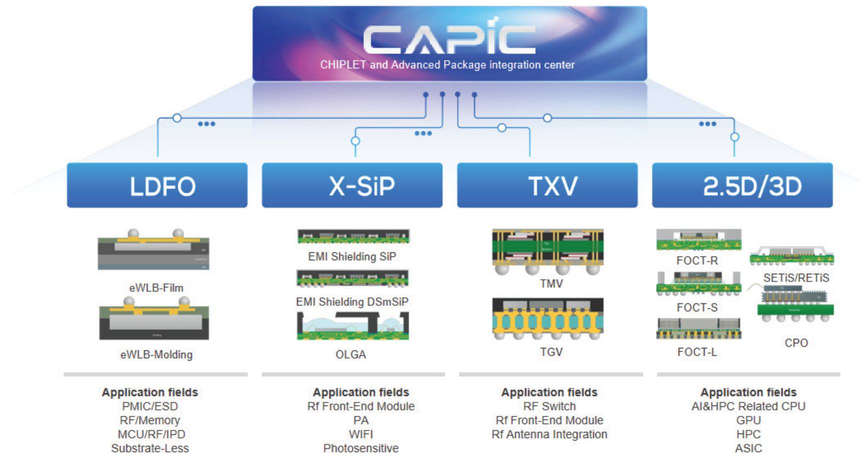
Quality Control and Product Recall Policy

We consider quality management as a core focus, and we have put in place quality control policies and procedures. We possess IATF 16949:2016 (Automotive Industry Quality Management System) and ISO 9001:2015 certifications to standardize our quality management policies and systems. Our production process is monitored by our system to prevent uninspected packaging products from passing our checks and being delivered to the customers, and our quality control management system enables systematic checking over our packaging products. If any issues arise in respect of the quantity of our packaging products received or during their use, the customers may notify us, specifying the defective conditions and the quantities affected, so that both parties can formulate appropriate remedial measures.

We have put in place product recall procedures. If recalling the product is required, our quality control department confirms the return authorization requirements and return lists with the relevant customer, which our production department would verify the actual products against the lists. The quality control department initiates a meeting with the customer to determine the rework plan and aligns with the customer on the handling solution. After customer approves, we would carry out rework and inspection. Our quality control department reviews the rework results, and if the product is qualified, it would be stored or delivered according to the customer's requirements, while nonconforming products would be scrapped by us. We have not experienced any product mismatch that materially and adversely affected our business during the Track Record Period and up to the Latest Practice Date.

RESEARCH AND DEVELOPMENT

We are committed to innovation and focus on the R&D of our technology platform and products. We established our technology platform, the "Chiplet and Advanced Package integration Center (CAPiC)".



Leveraging our CAPiC platform, we engage in resolving engineering challenges associated with packaging design and production. Our endeavors in R&D resulted in accomplishments, evidenced by a history of generating intellectual property and industry expertise. As of the Latest Practicable Date, our R&D efforts had accumulated 225 patents, which consisted of 39 invention patents and 186 utility model patents in the PRC. For details, see "— Intellectual Property".

As of December 31, 2025, our R&D department comprised 283 full-time employees. Our R&D initiatives are led by 27 core members, with over 26% holding a master's degree or higher. On average, the core team members have approximately 16 years of experience in semiconductor packaging. We are committed to conducting in-depth research and exploration in the field of advanced packaging. We are actively collaborating with professors and experts from institutions, including School of Integrated Circuits, Southeast University and School of Electronic Science and Engineering, Nanjing University with an aim to establish an advanced packaging research institute, dedicated to in-depth research in new packaging technologies. Our cooperation agreements generally stipulate provisions on intellectual property ownership, third-party fees and confidentiality obligations. These collaborations enable us to focus our R&D efforts more effectively and maintain our competitive edge by enhancement of our research capabilities.

Our Technologies

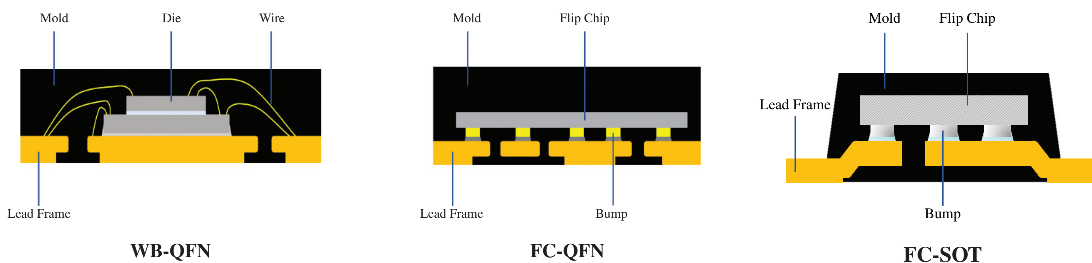
Our R&D competencies set us apart in the highly competitive packaging industry. We capitalized on the opportunities presented by advancements in the packaging industry. In 2021, we achieved significant milestones with the mass production of QFN, WLP and LGA packaging, laying the groundwork for system-level packaging. By 2022, we completed a transition to high-density integration with the mass production of BGA and the introduction of chiplet projects. In 2025, we continued to reach breakthrough in our product offering, as we successfully build up mass production on our 2.5D/3D products, namely FOCT-R. In 2023, we unveiled the CAPiC platform, facilitating a shift from single product development to platform-based technology output. The following sets out the details of our technologies:

QFN

Our QFN product offers versatile packaging capabilities, covering FC-QFN and WB-QFN, which enables broad application across various device types. Our QFN product category also cover FC-SOT, which is semiconductor packaging format commonly used for discrete components, such as, transistors. It is built using a lead frame serving as the mechanical and electrical backbone of the package with FC technology.

The pitch density of QFN products is primarily concentrated in the range of 0.35mm to 0.5mm. Based on mass production experience with these products, we have optimized product design and process technology to achieve mass production of 0.3mm pitch density products. This has resulted in an increase of over 40% in I/O density for our QFN within the same package size. Additionally, with the application of advanced nano-process chips (12nm) in our QFN, the I/O density is further enhanced, with the number of wire bonds increasing to over 640, which is at an industry-leading level.

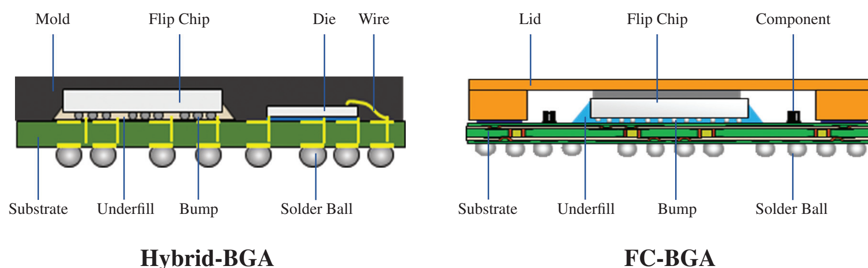
Our QFN offers a combination of miniaturization, high reliability, and cost-effectiveness, making it ideal for compact electronic applications. Our R&D on QFN technology focuses on two key areas: (a) developing advanced packaging solutions for large-particle image processing chips to meet the demands of high-performance applications, such as, AI vision and high-resolution imaging; and (b) designing automotive-grade wettable flank structures to enhance solder joint reliability and compliance with stringent automotive standards, making it well-suited for both consumer and automotive electronics markets. The following are structural diagrams for different types of our QFN:



WB-QFN **FC-QFN** **FC-SOT**

BGA

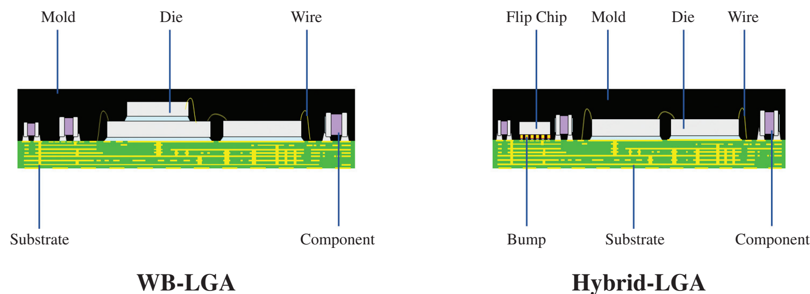
Through the use of a ball grid array on the back of the substrate as the connection point between the chip and PCB, BGA can provide more pins within the same chip area, increasing chip integration and achieving a high-density pin layout. Additionally, the signal transmission paths are shorter, thereby reducing signal delay and electromagnetic interference, and improving signal integrity. The direct contact of solder balls with the PCB also creates an efficient thermal conduction path, allowing rapid dissipation of heat generated by the chip to the PCB. Our BGA offers comprehensive advantages across both FC-BGA and WB-BGA models. Our FC-BGA cover a wide range of sizes from 19mm × 19mm to 65mm × 65mm. The maximum number of die bumps reaches 33,930, with a minimum bump pitch of 120μm. The largest supported die size is 25mm × 32mm, and the I/O count can reach up to 3,981. Meanwhile, our WB-BGA products span sizes from 3.65mm × 4.55mm to 25.3mm × 22.5mm, with up to 1,674 wires and a maximum I/O count of 815. Our BGA offers high I/O density, excellent electrical performance and thermal dissipation, making it widely adopted for various high-performance chips. Our R&D on BGA technology focuses on three advanced areas: (a) ultra-large substrate packaging to support high-performance and high-density chip integration; (b) strip-type heat sink packaging to enhance thermal management for compact designs; and (c) embedded core substrate packaging, which improves signal integrity and miniaturization by integrating key components within the substrate itself. These innovations aim to meet the evolving demands of high-end computing and AI applications. The following are structural diagrams for different types of our BGA:



Hybrid-BGA **FC-BGA**

LGA

LGA connects to external circuits via a grid array of solder pads on the underside of the substrate. LGA involves the integration of advanced processes as FC and WB. It also includes complex techniques for large-size and multi-die integration, including both planar and stacked configurations. These factors contribute to the high technical complexity of LGA development. For example, in highly integrated Hybrid-SiP forms, both WB and SMTFC (Surface Mount Technology Flip Chip) processes are typically required. We possess capability in packaging 3nm chips for our LGA. Our LGA packaging product offers broad structural versatility, covering WB-LGA, FC-LGA, Hybrid, and SiP formats to meet diverse application needs. Our FC-LGA covers a range of sizes from 0.6mm × 0.95mm to 8.2mm × 10.5mm. Each package can contain up to 18 surface mount components, with a maximum of 124 solder pads. Our WB-LGA ranges from 1.1mm × 0.7mm to 16mm × 16mm, with each package supporting up to 6 chips and 37 surface mount components, and offering more than 90 solder pads. Our Hybrid-LGA spans sizes from 3mm × 3mm to 8.54mm × 4.58mm, with each package integrating up to 11 chips and 21 surface mount components, and providing over 40 solder pads. Our SiP-LGA ranges from 2.6mm × 2.8mm to 12mm × 10.5mm, supporting up to 8 chips and 63 surface mount components per package, with up to 247 solder pads. LGA features high-density interconnects, low inductance, and excellent thermal performance, making it well-suited for applications including, 2G-5G series RF front-end chips, WiFi chips, Bluetooth chips and IoT chips. Our R&D on LGA is centered on high-end module integration, focusing on advanced technologies, such as, 3D SiP for vertical stacking and miniaturization, compartment shielding for enhanced electromagnetic interference (EMI) protection, and DS Partial Mold SiP for improved structural reliability and design flexibility. These innovations aim to meet the growing demands of compact, high-performance electronic systems across consumer, industrial and automotive applications. The following are structural diagrams for different types of our LGA:

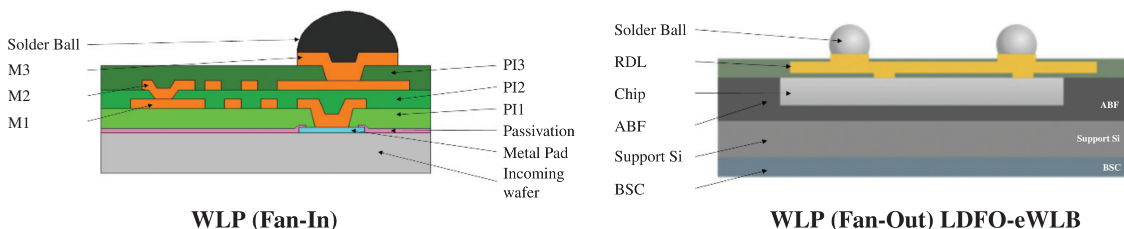


WLP

WLP first packages and tests the entire wafer before cutting it into individual chips. This not only reduces the size of the package but also enhances data transmission speed and stability. WLP can primarily be divided into Fan-In and Fan-Out types, with Fan-Out requiring redistribution layer (RDL) technology to achieve a higher number of leads and greater component reliability. We have achieved mass production in support-less silicon ultra-thin Fan-Out wafer-level packaging, reducing product thickness by over 30% compared to traditional packaging. As one of the first movers in the PRC to apply Fan-Out technology to the automotive electronics field, we obtained automotive-grade recognition certification, demonstrating our innovative capabilities in our WLP.

Our WLP products cover WLP (Fan-In), WLP (Fan-Out), Bumping and DPS. Our WLP (Fan-In) offers a high level of precision and integration, featuring a minimum ball pitch of 0.35mm and a minimum ball size of 0.12mm. It supports fine redistribution layer (RDL) line width/space dimensions down to 9/10μm, with RDL thickness ranging from 3 to 10μm and Under Bump Metallization (UBM) thickness from 7 to 35μm. The packaging structure accommodates configurations such as 1P1M, 2P1M, 2P2M, 3P2M, and 3P3M, with package sizes spanning from 0.4×0.2mm to 8×8mm, making it suitable for a wide range of applications. Our WLP (Fan-out) technology includes LDFO-eWLB, a cost-effective packaging technology tailored for mid- to

low-end chips with fewer I/Os. It uses wafer-level processes to reconstruct wafers with molding compounds and form redistribution layers (RDL) for electrical interconnection and pin fan-out. LDFO supports finepitch interconnects (0.3 mm ball pitch, 0.08 mm ball size), advanced RDL (4/4 μm line/space, 3–10 μm thickness), and UBM thickness of 7–35 μm. It accommodates various structures (1P1M to 3P3M) and package sizes from 0.4 × 0.2 mm to 8 × 8 mm, using materials like high-temperature and low-temperature repassivation layers. The following are structural diagrams for our WLP (Fan-In) and WLP (Fan-Out) LDFO-eWLB:



WLP (Fan-In) **WLP (Fan-Out) LDFO-eWLB**

Our Bumping covers copper pillar bump or solder ball bump, which is a widely used semiconductor packaging technology that creates tiny metallic structures to electrically connect a chip to its substrate. Formed through photolithography and electroplating, bumps are placed on chip pads or routed through redistribution layers (RDL). Their small size (tens to hundreds of microns) enables high-density interconnects, while offering high-frequency performance due to low resistance and inductance. Our Bumping product supports 8-inch and 12-inch wafers and includes both pillar and solder bump types. Pillar bumps feature a pitch of 80 μm and size of 40 μm, while solder bumps offer a 150 μm pitch and 80 μm size. Supported structures include 1P1M, 2P1M, 2P2M, 3P3M, and custom configurations tailored to customer requirements.

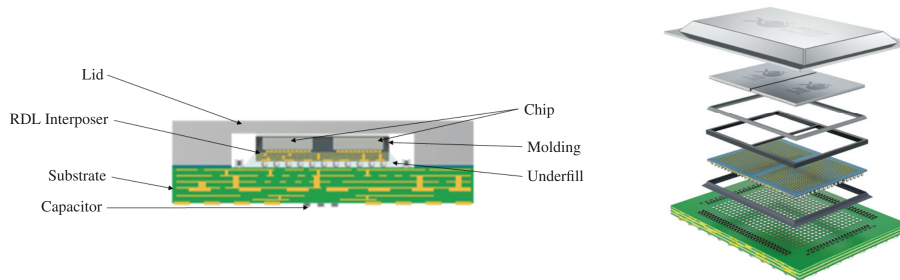
Our Die Preparation Solution (DPS) is a process that prepares chips for integration into final devices. It typically involves four main processes: (a) wafer thinning, where incoming wafers are mechanically ground down to meet thin-profile design requirements; (b) laser marking, which prints identification and traceability information on the wafer's backside; (c) dicing, where individual dies are separated using a hard or soft blade; and (d) sorting, where qualified dies are selected and visually inspected before being sealed into carrier tape using automated taping equipment. Our DPS offerings support both 8-inch and 12-inch wafer sizes, with bump types including CuNiAu, PI+Cu, and Al Pad. Available structural configurations include 1P1M, 2P1M, 2P2M, and 3P3M, along with customized designs tailored to specific customer requirements.

WLP is considered as the smallest form factor packaging method that matches the original chip size, which enables compact and reliable solutions ideal for overvoltage protection and consumer electronics. Our R&D on WLP technology will focus on three advanced areas: (a) developing ultra-fine line/space processes down to 4/4μm and 2/2μm for high-density interconnects; (b) enabling ultra-thick polyimide layers between 15μm and 30μm to enhance insulation and mechanical stability; and (c) creating complex multi-layer structures with up to 7 polyimide and 7 metal layer (7P7M), supporting highly integrated and miniaturized semiconductor designs for next-generation applications.

2.5D/3D

2.5D/3D packaging is a technology that enables multi-chip interconnection while reducing package sizes, minimizing connection losses, and saving costs. By stacking multiple chips through the use of an interposer and other techniques, it increases integration and performance while reducing space requirements. Our 2.5D/3D packaging products primarily include FOCT-R (Fan-Out Connected Tech-RDL) which enables high-density interconnects between chips by constructing ultra-fine multi-layer redistribution layers (RDL). With minimum line width/space dimensions of 2 μm, FOCT-R eliminates the need for silicon interposers while supporting homogeneous and heterogeneous integration for high-performance devices, such as, data center CPUs, AI inference

chips and IoT processors. Our FOCT-R model 7P7M multi-layer heterogeneous wafer-level RDL processing incorporates wafer-level SMT technology capable of placing up to 88 capacitive components in a single pass on one unit. Also, the micro-bump fabrication process supports ultra-fine redistribution layers with a minimum line width and spacing of 2μm/2μm. Our R&D directions for FOCT-R include: (a) high-performance homogeneous SoC interconnects; (b) interconnects between high-performance SoCs and I/O interface chips; and (c) hybrid integration of high-performance SoCs with power modules and interface chips to enhance overall system efficiency and functionality. The following is the structural diagram for our FOCT-R:



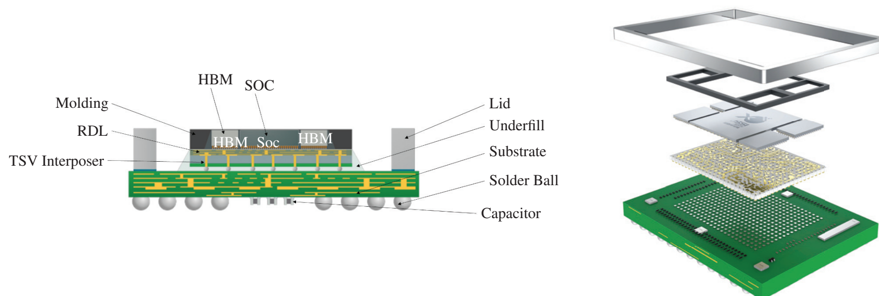
FOCT-R

The following sets out the status of our development-in-progress technologies:

2.5D/3D

Our 2.5D/3D technologies under development primarily include the following:

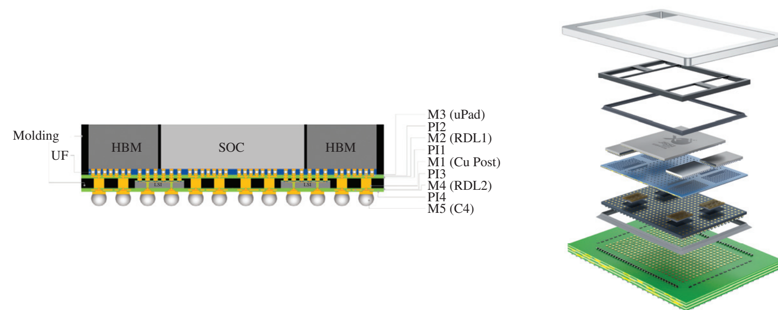
(a) FOCT-S (Fan-Out Connected Tech-Silicon) leverages silicon's ultra-fine routing capabilities, with line width/spacing below 1μm, and through-silicon vias (TSVs) for vertical interconnects, delivering good interconnect density and bandwidth for HPC, AI accelerators, and advanced networking chips. This technology enables efficient integration of multiple homogeneous or heterogeneous chips (such as CPUs, GPUs, and HBM) in a 2.5D/3D packaging system. Our FOCT-S integrates three key technologies to advance packaging: (a) By processing high-density redistribution layers and TSV silicon vias within the silicon interposer, it provides ultra-high-density interconnect channels for specific chip regions, enabling high-density 2.5D/3D stacking and efficient chip-to-chip communication; (b) ultra-high precision redistribution layers offer sub-1μm fine-line routing for dense electrical connections and high interconnect bandwidth; and (c) Fan-Out packaging combined with micro-bump technology utilizes mold compound-based wafer reconstruction and low-pitch micro-bump bonding to achieve compact and high-performance integration of multiple chips with the high-density redistribution layer silicon interposer. Our R&D on FOCT-S focuses on two main areas: (a) high-performance SoC and HBM interconnect technologies, and (b) SoC solutions for high-end CT applications and optical sensing interconnects. The following is the structural diagram for our FOCT-S:



FOCT-S

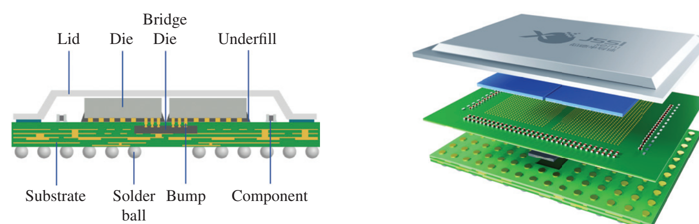
(b) FOCT-L (Fanout Connected Tech-Local Silicon Interconnect) is an embedded interconnect bridge technology that locally integrates high-density RDLs or silicon bridges within the interposer or molding compound to create ultra-dense interconnect channels for specific chip regions. By avoiding the use of full-size interposers, it enables cost-effective, "on-demand" high-density connections, making it ideal for heterogeneous integration scenarios requiring high-speed communication between multiple chips such as CPU, memory and I/O devices. Our FOCT-L primarily involves the following technologies: M1 copper posts with a thickness of 120μm, an embedded die size exceeding 5500×6400μm, a package size exceeding 15000×25000μm, and an interposer structure featuring three layers of passivation and three layers of metal (3P3M).

Our R&D on FOCT-L is focused on three main areas: (a) high-density interconnects for ultra-large SoCs and HBM, (b) advanced interconnects for optoelectronic transmission in CPO (Co-Packaged Optics) applications, and (c) development of ultra-high-density AP-WMCM (Application Processor — Wafer-Level Multi-Chip Module) technology for mobile terminals. The following is the structural diagram for our FOCT-L:



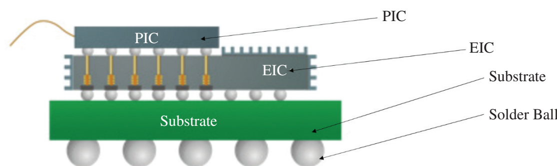
FOCT-L

(c) SETiS (Silicon-Based Embedded Tech-Interconnect System)/RETiS (RDL Embedded Tech-Interconnect System) are embedded multi-chip interconnect bridge technologies that enable both heterogeneous and homogeneous chip integration at lower cost. They facilitate communication among various chips, including CPU, GPU, memory, I/O, and others, by embedding an RDL interposer into the substrate. SETiS/RETiS primarily involve technologies, such as, high-density RDL design with line/space dimensions of 15/15μm, bump pitch of 75μm, bump size of 60μm, and bridge die thickness of 100μm. Additionally, they incorporate RDL and silicon-based embedded substrate technologies to enable compact, efficient multi-chip interconnect solutions. Our R&D on SETiS/RETiS focuses on three main directions: (a) high-performance homogeneous SoC interconnects, (b) interconnects between high-performance SoCs and I/O interface chips, and (c) hybrid integration interconnects combining high-performance SoCs with power modules and interface chips to enhance system-level performance and integration. The following is the structural diagram for our SETis/RETis:



SETiS/RETiS

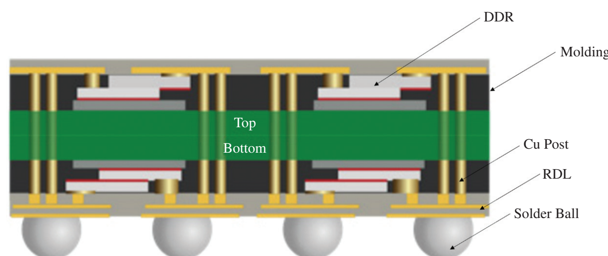
(d) CPO (Co-Packaged Optics) is a technology that shifts the functionality of traditional pluggable optical modules from the switch front panel directly into the same package substrate or interposer as computing chips, enabling ultra-short distance conversion between electrical and optical signals. CPO typically integrates Electronic Integrated Circuits (EICs) and Photonic Integrated Circuits (PICs) through high-density interconnect technologies like Through-Silicon Vias (TSVs), tall micro-bumps, and Fan-Out RDL for 3D heterogeneous integration. EICs serve as control chips (e.g. laser drivers, transimpedance amplifiers), while PICs handle photoelectric conversion and optical waveguide transmission. By replacing traditional copper cables with direct optical interconnects at the package level, this architecture addresses critical challenges posed by rising data rates (such as 1.6T and beyond), making it a vital evolution for future data centers, AI systems, and HPC networks. Our CPO primarily involves advanced 2.5D/3D packaging and heterogeneous integration technologies. TSVs are used to achieve vertical interconnects within the EIC wafer; high-density micro-bumps (such as tall bumps) connect the EIC and PIC while compensating for their height differences; and Fan-Out packaging enables the integration of multiple heterogeneous chips on a larger substrate. Our CPO is undergoing internal technique validation. Our R&D on CPO focuses on developing high-end CPO interconnects for optical transmission, aiming to advance integration efficiency and performance in next-generation data communication systems. The following is the structural diagram for our CPO:



CPO

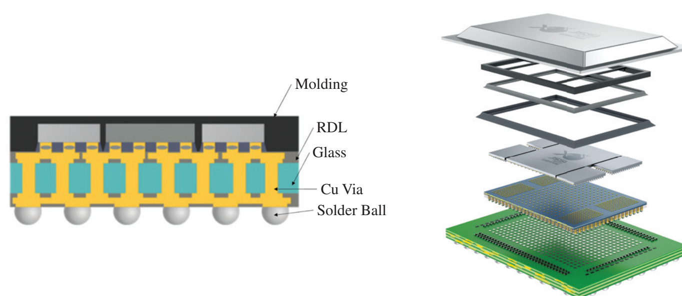
TXV (Through-X-Via)

(a) Through-Mold Via LPDDR 3D Fan-Out (TMV) is a technology that stacks multiple low-power double data rate (LPDDR) chips in a 3D configuration using Fan-Out packaging. By leveraging high-density RDL and micro-bumps, it enables ultra-short interconnects between chips, reducing latency, power consumption, and signal integrity issues typically caused by traditional PCB routing. The architecture effectively meets the demands of smartphones, tablets, and other portable devices for high computing power, large storage capacity, and extended battery life. Our TMV includes several key technologies: (a) a molding process using liquid or solid epoxy molding compound; (b) ultra-thin wafer grinding and dicing down to 45μm; (c) multi-chip (4-chip) staggered stacking die-attach technology; (d) precision laser drilling with 60μm diameter and 80μm depth; (e) blind via electroplating fill techniques; and (f) temporary bonding methods. The following is the structural diagram for our TMV:



TMV

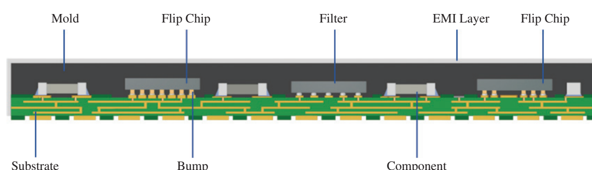
(b) Through-Glass Via (TGV) technology uses glass as an interposer or packaging substrate, forming vias through laser or chemical processes followed by metallization. Glass offers excellent high-frequency electrical properties (low loss tangent), a thermal expansion coefficient closely matched to silicon (minimizing warpage), and high insulation. TGV is an ideal solution for RF, millimeter-wave, antenna-in-package, and high-speed digital applications. TGV-based Package-on-Package (TGV-PoP) further enables vertical 3D integration of high-frequency chip modules. Our TGV primarily involves advanced technologies, including a TGV via size of 62.5μm, minimum via pitch of 165μm, and via spacing of 65μm, with an aspect ratio of 7:1. The minimum line/space for RDL is 2/2μm. The design integrates five dies being four HBM and one SoC, within a Fan-Out unit size of 47,591μm × 29,770μm. Our R&D on TGV focuses on three major directions: (a) high-performance Integrated Passive Devices (IPD) based on glass substrates; (b) advanced RF modules and phased-array technologies leveraging glass interposers; and (c) glass-based packaging solutions for high-computing-power GPU. The following is the structural diagrams for our TGV:



TGV

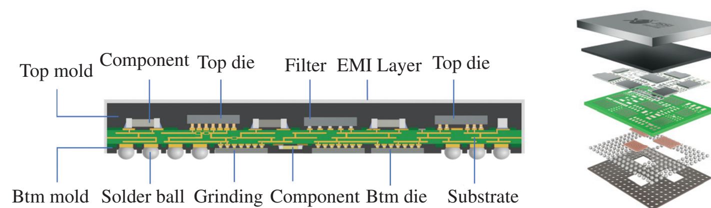
X-SIP (Extended System-in-Package)

(a) EMI Shielding SiP utilizes magnetron sputtering to deposit multilayer metal shielding, onto the surface of the chip package, forming a high-performance conformal shield. This technique maintains nearly identical dimensions before and after sputtering, offering excellent EMI suppression while ensuring a thin, lightweight profile and strong adhesion. It is particularly well-suited for RF chip packaging, meeting the stringent miniaturization and interference resistance requirements of mobile terminals like smartphones and wearable devices. Our EMI Shielding SiP primarily involves two core technologies: (a) high-density mounting processes for chips and components, achieving placement accuracy of ±25μm, supporting minimum component size of 0.2X0.1mm, bump pitch as tight as 100μm; and (b) magnetron sputtering techniques with a Metal Peel Test rating of ≥4B, electrical resistance below 50mΩ, and superior shielding effectiveness. The next phase of R&D on EMI Shielding SiP focuses on advancing ultra-high-performance RF chip module technologies, aiming to deliver enhanced integration, enhanced EMI protection, and optimized performance for next-generation applications. The following is the structural diagram for our EMI Shielding SiP:



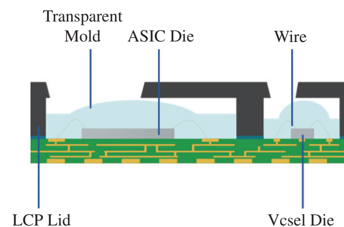
EMI Shielding SiP

(b) EMI Shielding DSmSiP is a technology that utilizes double-sided high-density component placement combined with C-mold encapsulation to integrate multiple chips and devices on both sides of the substrate. It incorporates laser drilling and strip grinding processes to enable backside I/O layout and control warpage. By applying magnetron sputtered metal shielding layers on the top and sides of the package, it achieves good electromagnetic interference shielding performance. Additionally, the architecture offers short signal paths and low latency, effectively addressing the market demand for miniaturized, highly integrated packaging solutions for high-performance RF chips. Our EMI Shielding DSmSiP primarily involves several advanced technologies: (a) high-density mounting processes for chips and components on both sides of the substrate; (b) magnetron sputtering for metal shielding layers, achieving a Metal Peel Test rating of ≥4B; (c) compression-mold encapsulation for double-sided molding with low warpage; (d) strip grinding with thickness tolerance control of ±20μm; and (e) laser ablation for precision drilling, with an accuracy of ±15μm. The next phase of our R&D, on EMI Shielding DSmSiP focuses on advancing ultra-high-performance RF chip module technologies, aiming to push the boundaries of integration, signal integrity and electromagnetic compatibility in next-generation systems. The following is the structural diagram for our EMI Shielding DSmSiP:



EMI Shielding DSmSiP

(c) Optical Land Grid Array (OLGA) is a technology that utilizes transparent epoxy resin encapsulation, allowing efficient transmission of specific light wavelengths. This design supports the integration of ambient light sensors, enabling precise detection of environmental light intensity for automatic screen brightness adjustment. It is also well-suited for distance measurement modules in devices, such as, robotic vacuum cleaners and drones, using infrared or laser signals for obstacle detection and path planning. OLGA offers a compact form factor, high precision, and excellent signal integrity, meeting the stringent miniaturization and reliability requirements of emerging smart hardware applications. Our OLGA primarily involves two key technologies: (a) transparent encapsulation using 2D and 3D molding techniques, achieving a minimum surface roughness of 0.03μm while overcoming challenges related to resin overflow during molding; and (b) the attachment of liquid crystal polymer lids using the newly introduced high-performance adhesive. The next phase of R&D on OLGA focuses on advancing high-precision distance measurement chip module packaging technologies, aiming to enhance optical sensing performance and integration for emerging smart devices. The following is the structural diagram for our OLGA:



OLGA

R&D Process

Our R&D is carried out as a group effort in close collaboration among our different departments, such as, the sales department and production department. Our R&D department is responsible for the design and development of our packaging solutions. We develop our technology platforms and products in accordance with an established processes, roles and responsibilities as follows:

(a) *R&D Project Sourcing*. The sourcing of R&D projects is initiated by our R&D department, which conducts through market and technical analyses alongside internal discussions with our sales department who maintains communication on prevailing product demands and market landscapes with our customers. This process involves evaluating upcoming technology trends in the packaging industry, analyzing competitors' technological strategies, and identifying both short- and long-term customer needs.

(b) *Project Preparation and Feasibility Assessment*. Our R&D department undertakes market research, technical assessments, production capacity evaluations and investigations into patents and regulations. This research aims to understand the market suitability, technological advancement and production feasibility of the proposed innovations. Our R&D department checks for potential patent infringements and commercial disputes while establishing a preliminary development timeline.

(c) *Project Approval Process.* Our R&D department ensures alignment with our strategic development plans and industry technology trends. Once preliminary topics are identified, market research and feedback from sales department and production department are gathered to refine the project scope. A feasibility analysis is conducted, and a formal project proposal is submitted for senior management approval. Upon approval, the project is initiated.

(d) *R&D Plan Implementation.* Our R&D department follows the established research and development plan to define a R&D roadmap. The implementation of the project occurs in phases, with regular reports on progress and interim results provided throughout the R&D process. Any core technologies developed during this phase would be submitted for patent protection as appropriate in accordance with our internal procedures.

(e) *Project Summary and Acceptance.* Upon achieving final results or significant milestones, a technical report would be completed. Once the R&D project is finished, our R&D department submits a closure report to evaluate whether the development tasks were completed according to the set objectives and whether the corresponding R&D outcomes were achieved. This report is then reviewed by our senior management for approval.

(f) *Project Closure.* If the project meets the evaluation criteria set by our senior management, it is formally accepted, and the project is considered closed. This process ensures that all aspects of the project have been documented and assessed, providing an overview of the outcomes and contributions made during the R&D effort.

Case Study of our Packaging Solution

We were engaged by a customer whose business involved 2.5D/3D integration technologies. It offers a one-stop solution from concept design to product delivery, primarily serving high-performance computing fields. Below sets forth the details of this project:

(1) ***Customer requirements and issues to address:*** This project began with a specific challenge from the customer: how to integrate Digital Signal Processor (DSP) and AI accelerators (such as Neural Processing Unit (NPUs)) in their next-generation AI accelerator to support edge machine learning. We formed a joint development team with

the customer. Through multiple technical workshops, we clarified parameter requirements and identified the underlying issues as follows: (a) *Extreme performance.* Integrating ultra-high-density interconnects within limited dimensions to meet stringent internal resistance and interface contact resistance requirements, as well as high-bandwidth interconnect demands of DSP chips; (b) *Ultra-high-density component integration.* The DSP chip integrates direct current blocking circuits and requires densely mounted high-density RDL circuits on the top surface. The DSP chip demands ultra-high bump density and ultra-fine interconnect lines, with complex circuit designs requiring more RDL layers; and (c) *Size and cost constraints.* The customer requires integration within a fixed package size (11.82x11.02mm) and demands controllable costs to enable large-scale commercialization. Based on this, our mission is no longer simply to "build a package," but to "co-design a system-level solution with the customer."

(2) ***Customized Collaborative Design and Implementation Process:*** Our customized services span the entire process from concept to mass production. We assembled a technical team to work with the customer, delivering an advanced FOCT-R 7P7M structure that exceeded the customer's requirements.

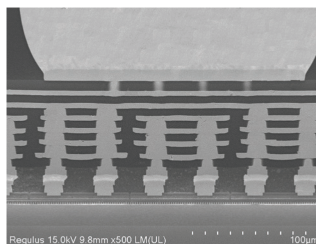
(a) *Phase One.* Collaborative Architecture Design (Co-Design Phase). Our packaging architects and the customer's IC designers used a unified electronic design automation platform for co-design. We directly accessed the customer's chip bump map and provided real-time feedback. This real-time interaction avoided costly design changes later.

(b) *Phase Two.* Customized Material and Process Selection and Development (Customization Phase). For the 6-layer ultra-fine RDL, we developed advanced micro-bump and RDL technologies. During tuning, the customer allowed us to use their test vehicle for multiple experiments and shared electrical test data, helping us identify and resolve alignment precision issues between RDL layers, improving the yield rate over 97% for each layer and over 92.2% for aggregated layers. To meet the need for integrating many capacitors in a tiny package, we developed wafer-level SMT capable of mounting over 40,000 components on a wafer.

(c) *Phase Three.* Prototype Fabrication and Validation Testing (Validation Phase). We opened our test data platform to the customer, allowing real-time access to results from temperature cycling tests and high-temperature high-humidity tests. We worked with the customer to perform root cause analysis on any failed samples.

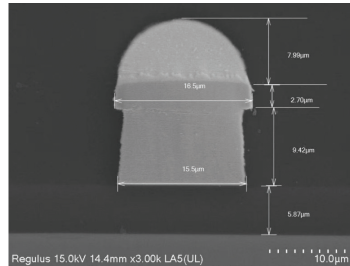
(3) ***Summary of Core Customized Technologies:*** Through the above deep customization process, we developed the following core technologies:

(a) *7P7M.* The highlight of this technology is its ability to support 5μm × 5μm ultra-narrow line width and spacing RDL. We implemented a 7P7M (7 polyimide and 7 metal layer) interposer structure. This complex layer design provides enhanced electrical and thermal performance.

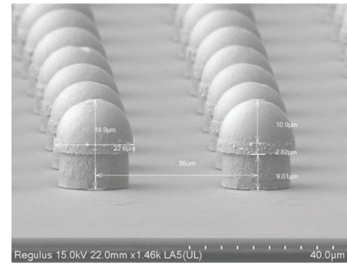


High-density 7P7M interposer

(b) *Advanced micro-bump technology.* Our R&D team overcame technical challenges and produced top-tier chip packaging with 18μm bump size and 36μm pitch. This breakthrough enables us to manufacture highly integrated and finely structured chip packages.



Bumping with 18μm bump size



Bumping with 36μm pitch

(c) *Wafer-level surface mount technology (WLSMT).* Our Wafer-level surface mount technology is capable of mounting over 40,000 components on a wafer.

(d) *High-precision thermal compression bonding (TCB).* We implemented the TCB process to bond and encapsulate customer chips onto the organic RDL with ±2μm precision. This meets the high-end packaging needs for chip stacking.

(4) *Outcome.* The success of this project lies not only in technological breakthroughs but also in our commitment to a customer-centric R&D model. We are positioned to become an R&D partner for our customers , sharing risks and technological benefits together with our customers. We expect to bring this mature customized collaboration model to more innovators across industries.

PROCUREMENT

During the Track Record Period, we primarily procured substrates, leadframes, adhesives, electronic components and bonding wire being the raw material for our products. The procurement function is managed by the procurement team of our operation department, with technical requirements for suppliers primarily defined by both our R&D department and our production department.

During the Track Record Period, we engaged 525, 517 and 503 third party suppliers for the years ended December 31, 2023, 2024 and 2025, respectively. We have policies and procedures in place that provide for general principles and standards for selection. The procurement team of our operation department identifies potential raw material suppliers through industry conventions, public information, business referrals or site visits. Once potential suppliers are identified, our operation department will then arrange the procurement team, R&D department and quality control department to conduct on-site audits at the production facility of the raw material suppliers. Only those raw material factories that successfully meet our technical standards and specifications are included in our approved supplier list. In considering whether admitting or removing a supplier from/to the list, the procurement team of our operation department would consider factors, such as, specific competencies, service and raw material quality, production capacity, delivery timeframe, past performance, pricing of our suppliers and environmental performance with eco-friendly measures. Our procurement team after reviewing the customer demand forecast prepared by our sales department formulates the procurement plan based on factors, such as, order quantity, expected delivery time and current inventory level. The procurement team of our operation department will place orders with the approved raw material suppliers based on the procurement plan. Once procurement is completed, the raw material suppliers deliver the ordered materials to our warehouse.

Our Raw Material Procurement Cost

We purchase a variety of raw materials from suppliers to maintain control over quality and suitability of those materials for use in the packaging production process. The raw materials we procure typically include substrates, leadframes, adhesives, electronic components and bonding wire. The total purchase amount for raw materials were approximately RMB349.2 million, RMB432.9 million and RMB540.3 million for the years ended December 31, 2023, 2024 and 2025.The cost of purchasing raw materials is primarily affected by manufacturing adopted by raw material suppliers as well as the market demand for raw material factory manufacturing capacity. Generally speaking, more complicated manufacturing processes adopted by raw material suppliers in accordance with the specific packaging design requirements lead to higher prices of raw materials. For example, a substrate with more stringent requirements for size and integration level costs a higher purchase price. To effectively manage our risks associated with the price fluctuations of our raw materials, we analyze the consumption and other data of major raw materials, carry out research on market trends and prepare periodic procurement budgets. We endeavor to optimize the level of our inventories. Most of the raw materials used by us are readily available from multiple suppliers and can be sourced at competitive market prices. Therefore, we do not rely on any particular supplier for any particular item. During the Track Record Period, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials. In the event that there is an increase in the price of raw materials, we should be able to adjust the selling price of our packaging products to reflect such increase in the price of raw materials.

OUR SUPPLIERS

Our Top Five Suppliers

Our suppliers with respect to trade related items primarily include suppliers providing raw materials, electricity and tooling services. Our purchases from our five largest suppliers for each year during the Track Record Period accounted for approximately 30.9%, 33.9% and 32.2% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. In the corresponding period, our purchase from our single largest supplier for each year during the Track Record Period accounted for approximately RMB45.7 million, RMB83.5 million and RMB91.7 million, which accounted for approximately 10.4%, 15.0% and 13.3% of our total purchases, respectively. During the Track Record Period, for suppliers not requiring advance payment, we were generally granted credit terms of 30 to 60 days. Payment of the purchase price to the suppliers are settled by bank transfer or telegraphic transfer. Having made reasonable enquiries, to the best knowledge, information and belief of our Directors, all of our top five suppliers for each year during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates or any existing Shareholder, who or which, to the best knowledge of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our top five suppliers in each year of the Track Record Period.

The following tables set out the details of our five largest suppliers in each year/period based on purchases from them during the Track Record Period:

For the year ended December 31, 2025

No.	Supplier	Major products/ Services provided to us	Year of commencement of business relationship with us	Purchase amount	Percentage of total purchase amount for the period	Credit terms
				RMB'000	*%*	*days*
1 . .	Supplier Group A*(Note 1)*	Raw Materials and tooling services	2021	91,712	13.3	30 days

No.	Supplier	Major products/ Services provided to us	Year of commencement of business relationship with us	Purchase amount	Percentage of total purchase amount for the period	Credit terms
				RMB'000	*%*	*days*
2 . .	Supplier Group B[(Note 2)]	Electricity	2021	67,942	9.8	Advance Payment
3 . .	Nanya Printed Circuit Board (Kunshan) Co., Ltd.* (南亞電路板(昆山)有限公司)	Raw Materials and tooling services	2021	27,720	4.0	Advance Payment
4 . .	Shanghai Tongye Trading Co.* (上海桐燁貿易商行)	Raw Materials	2021	17,774	2.6	Advance Payment/ 60 days
5 . .	Heraeus (China) Investment Co., Ltd.* (賀利氏(中國)投資有限公司)	Raw Materials	2021	17,165	2.5	Advance Payment
				222,313	**32.2**	

For the year ended December 31, 2024

No.	Supplier	Major products/ Services provided to us	Year of commencement of business relationship with us	Purchase amount	Percentage of total purchase amount for the period	Credit terms
				RMB'000	*%*	*days*
1. .	Supplier Group A[(Note 1)]	Raw Materials and tooling services	2021	83,486	15.0	30 days
2. .	Supplier Group B[(Note 2)]	Electricity	2021	60,359	10.9	Advance Payment
3. .	Shanghai Muyoutu New Material Co., Ltd.* (上海木有土新材料有限公司)	Raw Materials	2021	16,321	2.9	Advance Payment
4. .	Shanghai Tongye Trading Co.* (上海桐燁貿易商行)	Raw Materials	2021	14,298	2.6	Advance Payment/ 60 days
5. .	Nanya Printed Circuit Board (Kunshan) Co., Ltd.* (南亞電路板(昆山)有限公司)	Raw Materials and tooling services	2021	13,874	2.5	Advance Payment
				188,338	**33.9**	

For the year ended December 31, 2023

No.	Supplier	Major products/ Services provided to us	Year of commencement of business relationship with us	Purchase amount	Percentage of total purchase amount for the period	Credit terms
				RMB'000	*%*	*days*
1. .	Supplier Group B[(Note 2)]	Electricity	2021	45,729	10.4	Advance Payment

No.	Supplier	Major products/ Services provided to us	Year of commencement of business relationship with us	Purchase amount	Percentage of total purchase amount for the period	Credit terms
				RMB'000	*%*	*days*
2. .	Supplier Group A(Note 1)	Raw Materials and tooling services	2021	35,313	8.0	30 days
3. .	Nanya Printed Circuit Board (Kunshan) Co., Ltd.* (南亞電路板(昆山)有限公司)	Raw Materials and tooling services	2021	27,876	6.3	Advance Payment
4. .	Shanghai Muyoutu New Material Co., Ltd.* (上海木有土新材料有限公司)	Raw Materials	2021	15,058	3.4	Advance Payment
5. .	Supplier C(Note 3)	Raw Materials	2021	12,297	2.8	30 days
				136,273	**30.9**	

Notes:

1. Supplier Group A consists three private enterprises incorporated in the PRC and located in Guangdong Province, the PRC. Their business scope covers manufacturing of computers, communications equipment and other electronic devices, electronic components, electronic specialty materials, and electronic circuits.

2. Supplier Group B is a state-owned enterprise of the PRC. It is an electric power utility companies in Jiangsu Province, the PRC, and its business scope includes the supply of electricity. It consists of two subsidiaries that provide services to us, located in Nanjing and Yangzhou.

3. Supplier C is a private enterprise incorporated in the PRC and located in Shanghai, the PRC. Its business scope includes the provision of specialized equipment for semiconductor devices, discrete semiconductor devices, metal materials, metal products and other related products.

Salient terms of contracts with suppliers

The following summarizes the salient terms of the purchase contracts with our suppliers for the purchase of raw materials:

Contract price and payment . . . . . . The purchase price is specified in each purchase order. We are responsible for making timely payments to suppliers, which are settled by bank transfer or bank draft.

Term . . . . Contracts for single purchase order may be entered on ad hoc basis, or in case of framework agreements, generally for a fixed term of two or three years.

Scope . . . . Each purchase order sets out the product name, specifications, quantity, delivery schedule and other details, and the suppliers are required to supply raw materials in accordance with the specified standards.

Suppliers' obligations . . . . The raw materials shall meet the agreed quality standards as set out in the contract. The suppliers generally deliver the raw materials to us at their own delivery costs.

Warranty . . . . For defective products caused by the supplier, we are entitled to request a return or replacement, and the supplier shall bear the costs for returning the defective products.

Termination . . . . Generally both parties are entitled to terminate the framework agreement with 30 days' prior written notice, without affecting any purchase orders already in effect.

SALES AND MARKETING

Geographical Regions of Our Packaging Solutions Offerings

We predominantly market and provide our products to customers within the PRC, where is and will remain to be the core focus of our business. Currently, less than 10% of our services are provided to customers in overseas. The table below details the revenue of our total sales during the Track Record Period based on geographical regions as follows:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	489,264	96.1	807,167	97.6	957,873	94.6
Overseas[(1)]	19,813	3.9	20,207	2.4	54,286	5.4
Total	**509,077**	**100.0**	**827,374**	**100.0**	**1,012,159**	**100.0**

Note:

(1) Overseas mainly includes Asia and the U.S..

Our sales in the PRC comprise over 90% of the total revenue for each of the Track Record Period. We recorded revenue generated from the PRC of RMB489.3 million, RMB807.2 million and RMB957.9 million for the years ended December 31, 2023, 2024 and 2025, accounting for 96.1%, 97.6%, and 94.6% of our total revenue for the same periods, respectively. We established our business presence overseas in Asia and the U.S.. We recorded revenue generated from overseas of RMB19.8 million, RMB20.2 million, RMB54.3 million for the years ended December 31, 2023, 2024 and 2025, accounting for 3.9%, 2.4%, and 5.4% of our total revenue for the same periods, respectively.

Breakdown of Product Type by Sales Volume

Below is the chart of the major product category and the sales volume during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	Unit'000	*%*	*Unit'000*	*%*	*Unit'000*	*%*
QFN	1,728,310	69.8	3,077,956	66.2	3,131,830	57.4
BGA	101,919	4.1	147,930	3.2	198,408	3.6
LGA	178,267	7.2	499,850	10.7	1,121,221	20.5
WLP	468,248	18.9	926,459	19.9	1,012,529	18.5
Total	**2,476,745**	**100.0**	**4,652,196**	**100.0**	**5,463,989**	**100.0**

Note:

(1) The sales volume of 2.D/3D has not yet resulted in mass production, and the current production activities are mainly non-recurring engineering (NRE) and engineering batches, and accordingly, the sales volume may not be of reference value.

For 2024, we recorded the total units of products sold at approximately 4,652 million units, experiencing an increase as compared to approximately 2,476 million units for 2023, which was mainly due to: (a) increase in sales units in QFN to Beijing Chipone North Technology Co., Ltd.* (北京集創北方科技股份有限公司), Customer Group C, and Customer E, in particular Customer B; (b) increase in sales units in BGA to Customer Group A , Customer H and Customer N; (c) increase in sales unit in LGA to Customer P, Customer Group F, XinpleTek (Shanghai) Co., Ltd.* (芯樸科技(上海)有限公司), in particular, acquisition of new customer Customer B for LGA-FC products; (d) increase in sales unit in WLP to Customer J, Customer D and Shenzhen Injoinic Technology Co., Ltd.* (深圳英集芯科技股份有限公司). The reason for the increase in overall sales volume was that, after the industry downturn in 2022 and 2023, most customers' inventories had fallen to low levels and needed to be replenished to a reasonable level. At the same time, the consumer electronics market as a whole experienced a recovery in 2024, which drove demand growth.

For 2025, we recorded the total units of products sold at approximately 5,463 million units. The increasing trend was primarily attributable to: (a) increase in sales units in QFN to Customer Group C attributable to increased market demand for WiFi products, Customer Group F attributable to increased market demand for RF power amplifiers and RF switches, and Beijing Chipone North Technology Co., Ltd.* (北京集創北方科技股份有限公司) attributable to increased market demand in LED; (b) increase in sales units in BGA to Customer Group A, Customer H and Customer N as a result of increased purchase order by way of tenders; (c) increase in sales unit in LGA to Customer R and Customer B attributable to increased market demand in RF switch; (d) increase in sales unit in WLP to Shenzhen Injoinic Technology Co., Ltd.* (深圳英集芯科技股份有限公司) attributable to increased market demand in power bank.

We adopt a direct sales approach to market our packaging solutions which enhances our competitive advantage. In the absence of the involvement of distributors, we foster close relationships with our customers, enabling personalized interactions and understanding of their specific needs. As of December 31, 2025, our sales department consisted of 30 members who worked closely with other departments to execute our marketing strategies.

CUSTOMERS

Our Top Five Customers

Our customers primarily include upstream direct customers of semiconductor design companies. Revenue contributed by our five largest customers for each year during the Track Record Period accounted for approximately 50.4%, 53.0% and 54.6% of our total revenue for the years ended December 31, 2023, 2024, and 2025, respectively. In the corresponding period, our sales to our single largest customer for each year during the Track Record Period accounted for approximately RMB138.8 million, RMB204.0 million and RMB248.3 million, which accounted for approximately 27.3%, 24.7% and 24.5% of our revenue, respectively. Our Directors consider that we do not place over-reliance on any single customer because we have had a large pool of customers for the corresponding period. During the Track Record Period, we generally granted credit terms of 30 to 70 days to our customers. Payment of purchase price by customers is settled by bank transfer or bank draft. Having made reasonable enquiries, to the best knowledge, information and belief of our Directors, all of our top five customers for each year during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates or any existing Shareholder, who or which, to the best knowledge of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our top five customers in each year of the Track Record Period.

The following tables set out the details of our five largest customers in each year based on purchases from them during the Track Record Period:

For the year ended December 31, 2025

No.	Customer	Year of commencement of business relationship with us	Products/ services provided by us	Revenue	Percentage of total revenue	Credit terms
				RMB'000	*%*	*days*
1 . .	Customer Group A(Note 1)	2021	Packaging and testing	248,349	24.5	60
2 . .	Radrock (Chongqing) Technology Co., Ltd.* (銳石創芯(重慶)科技股份有限公司)	2021	Packaging and testing	99,566	9.8	60
3 . .	Customer B(Note 2)	2021	Packaging and testing	89,940	8.9	30
4 . .	XinpleTek (Shanghai) Co., Ltd.* (芯樸科技(上海)有限公司)	2022	Packaging and testing	65,270	6.4	60
5 . .	Customer Group C(Note 3)	2021	Packaging and testing	50,993	5.0	70
				554,118	**54.6**	

For the year ended December 31, 2024

No.	Customer	Year of commencement of business relationship with us	Products/ services provided by us	Revenue	Percentage of total revenue	Credit terms
				RMB'000	*%*	*days*
1.. .	Customer Group A(Note 1)	2021	Packaging and testing	204,000	24.7	60
2.. .	Radrock (Chongqing) Technology Co., Ltd.* (銳石創芯(重慶)科技股份有限公司)	2021	Packaging and testing	83,241	10.1	60
3.. .	Customer B(Note 2)	2021	Packaging and testing	64,909	7.8	30
4.. .	Customer D(Note 4)	2021	Packaging and testing	46,339	5.6	45
5.. .	Customer Group C(Note 3)	2021	Packaging and testing	39,177	4.8	70
				437,666	**53.0**	

For the year ended December 31, 2023

No.	Customer	Year of commencement of business relationship with us	Products/ services provided by us	Revenue	Percentage of total revenue	Credit terms
				RMB'000	*%*	*days*
1. . .	Customer Group A(Note 1)	2021	Packaging and testing	138,775	27.3	60
2. . .	Radrock (Chongqing) Technology Co., Ltd.* (鋭石創芯(重慶)科技股份有限公司)	2021	Packaging and testing	41,140	8.1	60
3. . .	Customer E(Note 5)	2021	Packaging and testing	28,637	5.6	60
4. . .	Chipone Technology (Beijing) Co., Ltd.* (北京集創北方科技股份有限公司)	2021	Packaging and testing	23,840	4.7	60
5. . .	Customer Group C(Note 3)	2021	Packaging and testing	23,205	4.7	70
				255,597	**50.4**	

Notes:

1. Customer Group A consists (a) a global fabless semiconductor company founded in 1995 and headquartered in California, the United States; and (b) a company incorporated in the PRC in 2003 and listed on the Shanghai Stock Exchange. It engages in the design and sale of system-on-a-chip (SoC) solutions for multimedia consumer devices, and is the parent company of an entity listed on the Shanghai Stock Exchange.

2. Customer B is a private enterprise incorporated in the PRC in 2021, with its location in Jiangsu Province, the PRC. Its business scope includes the provision of information technology services and integrated circuit design.

3. Customer Group C consists (a) a company incorporated in Hong Kong in 2008; and (b) a company incorporated in the PRC in 2004 and listed on the Shanghai Stock Exchange as well as its subsidiaries. It specializes in the design, development and supply of semiconductor and infrastructure software solutions.

4. Customer D is a private enterprise incorporated in the PRC in 2016, with its location in Shanghai, the PRC. Its business scope includes the provision of integrated circuit design and related services; IC design.

5. Customer E is a company incorporated in the PRC in 2016 and listed on the Shanghai Stock Exchange. Its business scope includes electronic device manufacturing and integrated circuit manufacturing.

Salient terms of our sale contracts with customers

The salient terms of our sales agreements during the Track Record Period are set out below:

Contract price and payment . . . . . . The contract price shall be determined based on a price mutually agreed by both parties in writing.

Payments for our services shall be settled by bank transfer or bank draft within a period ranging from 30 to 70 days from the invoice date.

Term . . . . Generally two to three years.

Logistics	We are generally responsible for delivering the packaged products to locations designated by our customers and bear the relevant transportation costs, with risks transferred to our customers upon delivery.
Confidentiality	We and our customers are typically prohibited from disclosing confidential information in relation to our cooperation to any third parties.
Product return	Our customers are entitled to return products to us for quality issues attributable to us, and such returns will be handled in accordance with the relevant provisions set out in the quality agreement.
Renewal	Where there are no objections of the parties, the agreement is automatically renewed for a further period of one year upon expiry of its initial term.
Termination	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

The sales contracts do not specify any minimum sales commitment. For details on recognition of revenue from contracts with customers, see "Financial Information — Material Accounting Policy Information". During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we did not experience any breach of the aforementioned sales contracts which could cause a material adverse effect on our business, financial condition or results of operations.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our top five customers were also our supplier and one of our top five suppliers was our customer. The following table sets out our Group's total sales revenue and purchase amount from the overlapping customers-suppliers during the period indicated:

	For the year ended December 31		
	2023	2024	2025
Sales to the overlapping customer-suppliers .			
Sales revenue (RMB'000)	138,775	204,109	248,349
As a percentage of our total sales revenue (%)	27.3	24.7	24.5
Gross profit/(loss) (RMB'000)	(1,564)	3,420	(4,938)
Gross profit/(loss) margin (%)	(1.1)	1.7	(2.0)

	For the year ended December 31		
	2023	2024	2025
Purchases from overlapping customers-suppliers.			
Purchase amount (RMB'000)	15,299	14,298	17,774
As a percentage of our total purchase costs (%)	3.5	2.6	2.6

Customer Group A, one of our five largest customers in 2023, 2024 and 2025, was one of our suppliers in 2023. We provided Customer Group A with packaging products and testing services, primarily comprised of BGA, WLP and QFN, which contributed to approximately 27.26%, 24.66% and 24.54% of our revenue in 2023, 2024 and 2025. Customer Group A supplied our Company with substrates as raw materials to be used in our production process, which accounted for approximately 0.8% of our total purchase amount in 2023. As such, Customer Group A is regarded as an overlapping customer and supplier.

Shanghai Tongye Trading Co.* (上海桐燁貿易商行), one of our five largest suppliers in 2024 and 2025, was one of our customers in 2024. Shanghai Tongye Trading Co.* (上海桐燁貿易商行) provided us with raw material, primarily comprised of encapsulation and die attach adhesive, contributed to approximately 2.6%, 2.6% and 2.6% of our total purchase amount in 2023, 2024 and 2025. Shanghai Tongye Trading Co.* (上海桐燁貿易商行) acquired scrap and materials primarily comprised of chemical resin from us in 2024, which accounted for approximately 0.01% of our total revenue in 2024. As such, it is regarded as an overlapping customer and supplier.

Our Directors confirm that our Group's sales and purchases to/from such overlapping customers-suppliers were: (a) entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, (b) conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and (c) at prices that are no less favorable than from other independent third parties who are not customer-suppliers. To the best knowledge of our Directors, our Group did not have any other overlap between our other major customers and major suppliers during the Track Record Period.

DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. As we mostly make transactions with corporate customers, we do not collect or process personal data. See "Risk Factors — Risks Relating to Our Business and Industry — Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations." and "Regulatory Overview — Regulations Relating to Data Security, Cybersecurity and Information Security". We have obtained the ISO/IEC 27001 certification for our information security management system and manage sensitive data storage in accordance with the system requirements. We have established internal protocols on data security, which set forth requirements in relation to the use, disclosure and protection of confidential information. Our internal protocols provide limited authorization to our employees holding specific positions at specific levels to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment. All of our full-time employees are bound by confidentiality clauses within their employment contracts, which prohibit them from disclosing any confidential information relating to their work without our consent. Where joint development with third parties is involved, we require such parties to sign a non-disclosure agreement (NDA) or confidentiality clauses and data are only exchanged in accordance with such non-disclosures agreement. We have a data backup system to encrypt and store data across multiple servers in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis.

During the Track Record Period and up to the Latest Practicable Date, we had not received any third-party claims against us on the ground of infringement of the party's right to data protection as provided by any applicable laws and regulations. Our Directors confirm that we had complied with the applicable laws and regulations regarding personal information privacy and data security in all material aspects.

INVENTORY MANAGEMENT

Our inventories consist of raw materials, work in progress, finished goods and goods in transit. See "Financial Information — Discussion of Certain Selected Items from our Consolidated Statements of Financial Position — Inventories." We create customer demand forecasts based on the demand forecasts shared by our respective customers to determine the quantity of products we should pre-order from our suppliers to stock up in advance to meet those demands. We typically do this by breaking down the customer's forecast into months for determining its packaging schedule for placing orders with suppliers. Our finished goods consist primarily of packaged products, raw materials consist primarily of substrates, adhesives and electronic components, and our work in progress inventories consist primarily of foundry-manufactured wafers to be further packaged by us. Our goods in transit represent finished goods being in the process of delivery to our customers.We have implemented an ERP system to achieve systematic management of the inventory process. We are able to track inventory status and movement records in real time, and perform periodic stock-taking and financial reconciliation based on system-generated data. Our procurement department is responsible for inventory audit and inspection, and reports to senior management on the inspection results and shortfalls. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

We regard our patents, trademarks, trade secrets and other intellectual property rights as critical to our business operations. As of the Latest Practicable Date, our Group had 225 registered patents, which consisted of 39 invention patents and 186 utility model patents in the PRC, covering key areas, such as, packaging structuring, methodology, device and testing system. In addition, we owned three PCT patent applications. As of the Latest Practicable Date, we had 21 registered trademarks and nine registered copyrights in the PRC. We are also the registered owner of three domain names.

For detailed information about our material intellectual property, see "Statutory and General Information — Further Information about our Business — Intellectual Property Rights" in Appendix VI to this document. As of December 31, 2025, we have not authorized any third parties to use our technology, patents, trademarks, copyrights or other intellectual property rights. We rely primarily on a combination of patents, trademarks, trade secrets, and unfair competition laws and contractual rights, such as confidentiality agreements or clauses, to protect our intellectual property rights. We generally state all rights and obligations regarding the ownership and protection of intellectual properties in employment confidentiality agreements and some commercial agreements we enter into. We will take the following measures to protect our intellectual property rights: (a) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (b) deploying a designated team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (c) timely registration, filing and application for ownership of our intellectual properties, (d) actively tracking the registration and authorization status of intellectual properties and take action if any potential conflicts with our intellectual properties are identified, and (e) engaging professional intellectual property service providers if needed. As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC and, to the best knowledge of our Directors and senior management, they are not aware of any such disputes. See "Risk Factors — Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs."

COMPETITION

We face competition in respect of the quality and techniques of our packaging products and technologies, our ability to meet customers' expectations, and our experience and reputation. According to Frost & Sullivan, principal competitive factors in our industry generally include stability and reliability of the packaged product, price competitiveness, marketing and sales capabilities, and brand influence. There are high barriers for our competitors to enter into the semiconductor packaging and testing industry, which include, among others (a) the need for interdisciplinary expertise across packaging engineering, materials science, and chip design, with experienced teams capable of handling complex processes and failure analysis; (b) OSAT model demands considerable investment in advanced facilities and equipment, making it difficult for smaller players to scale; (c) deep collaboration with fabless companies and foundries is essential, and established companies benefit from long-term customer trust, while new entrants struggle to build stable supply chains and win high-end orders; and (d) advanced semiconductor packaging depends on highly precise technologies and demands substantial long-term investment to address complex challenges in material compatibility and thermal management. Companies must possess strong interdisciplinary R&D capabilities across multiple domains, and ensure process stability through massive volume production. These high technical barriers make it difficult for new entrants to quickly establish competitiveness or achieve reliable mass production in the short term. For details on market size and data of our industry and the competitive landscape of our industry, see "Industry Overview."

EMPLOYEES

Our Group had 2,183 full-time employees as of December 31, 2025, all of whom were based in the PRC. The following table sets forth the number of our employees by function:

Function	Number of employees As of December 31, 2025	Percentage of total employees
		(%)
Senior management	6	0.3
R&D	283	13.0
Production	1,504	68.9
Sales and marketing	30	1.3
Business operations and administration	168	7.7
Quality control	192	8.8
Total	**2,183**	**100**

Note:

(1) In addition to the 2,183 full-time employees mentioned above, we also had 371 workers comprising 153 dispatched workers, 216 interns and two re-employed retirees.

We recognize the importance of talents for sustainable business growth. We use a variety of recruitment methods to attract talents and qualified personnel, including online and other external recruitment channels, as well as internal referrals.We offer employees relatively competitive salaries, performance-related bonuses and other incentives. We may enter into non-competition agreements with our senior management or other key employees provided that there is involvement in any competing business. We review the performance of our employees on an annual basis with reference to, among other criteria, how well they have met or exceeded performance targets.

During the Track Record Period, we have not made full contributions to social insurance and housing provident funds for certain employees. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on the Housing Provident Fund of the PRC (住房公積金管理條例), we are required to make social insurance fund contributions and

housing provident fund contributions for our employees in the PRC. If an employer fails to pay its social insurance contributions in accordance with the Social Insurance Law of the PRC, the regulator may demand the employer to pay all outstanding social insurance contributions within a prescribed time limit. The employer may also be subject to a surcharge at a daily rate of 0.05% on the outstanding amount, accruing from when the social insurance funds are due. If the employer fails to make such payment within a prescribed time limit, the relevant authority may impose an additional fine of one to three times the outstanding amount. If an employer fails to pay its housing provident fund contributions in accordance with the Administrative Regulations on the Housing Provident Fund of the PRC, the regulator has the power to order the employer to make contribution within a prescribed time limit and if the employer fails to act accordingly, an application for compulsory enforcement can be made to the People's Court of the PRC. Our PRC Legal Advisor is of the view that the risk of any action to be taken by relevant government authorities demanding us to make up for our historical arrears of social insurance and housing provident fund is remote, provided that there are no significant changes in current policies, regulations, local government supervision, and law enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (a) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to settle any payment shortfall; (b) we had not been subject to any administrative penalties with respect to social insurance premiums and housing provident funds; and (c) if any notice related to the payment of social insurance and housing provident funds is received from government authorities in the future, Mr. Zhang undertakes that he will make up the required amount within the stipulated period. Therefore, our Directors believe that our failure to fully pay social insurance premiums and housing provident funds will not have an adverse impact on our financial condition and business operation.

PROPERTIES

We are headquartered in Nanjing, the PRC. As of the Latest Practicable Date, our Group had the state-owned land use rights of two properties in the PRC with an aggregate GFA of approximately 166,136.51 sq.m., owned one property in the PRC with an aggregate GFA of approximately 84,805.01 sq.m. and leased four properties in the PRC with an aggregate GFA of approximately 78,471.46 sq.m. from third parties. These properties were used primarily as premises of office spaces, production, R&D activities and staff dormitories. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to five years.

Absence of Valid Ownership Certificate

As of the Latest Practicable Date, the lessor of one of our leased properties failed to provide us with the real estate ownership certificates. This leased property, covering approximately 8,294.12 sq.m., is primarily used for our offices, production and R&D activities. According to the written confirmation issued by the higher authority of the lessor dated October 10, 2025, the lessor has not yet obtained the ownership certificates for the leased properties. However, it has legally obtained necessary construction permits including the Construction Project Planning Permit (建設工程規劃許可證) and Construction Permit for Building Works (建築工程施工許可證). The lessor is applying for the ownership certificates and expects no substantial obstacles to obtaining them.

Our Directors believe that the aforementioned defective leased property would not materially and adversely affect our overall business, financial conditions or results of operations on the grounds that: (a) the lessor's authorized representative confirmed that the leased property is not subject to any government plan for reclamation or change of use, nor has it been included in any government demolition plan or been ordered to be demolished. In the event of any unforeseen circumstances that may prevent us from continuing to lease the aforementioned leased property, the lessor's authorized representative has indicated that it would assist in arranging alternative premises in the surrounding area that meet our operational needs and in completing the relevant compliance

procedures, if required; and (b) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to the defective leased property had never been challenged by any third parties.

Non-Registration of Lease Agreements

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed the registration for four lease agreements relating to our leased properties in the PRC. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we did not receive any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described above. As advised by our PRC Legal Advisor, the lack of registration of the lease agreements does not affect the validity of such lease agreements, nor materially and adversely affect the operations of our Company and the Group. Therefore, our Directors believe that there will not be any material adverse impact on our overall business, financial conditions or results of operations.

As of December 31, 2025, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

INSURANCE

During the Track Record Period, we maintained insurance which covers potential losses relating to our properties, production equipment and inventories. Our Directors consider our insurance coverage to be customary for businesses of our size and type, and in line with the standard commercial practice in the PRC. During the Track Record Period, we had not been the subject of any liability claims which are of material nature to our Group. See "Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise". As of the Latest Practicable Date, we had not experienced any business interruptions that had a material adverse effect on our business.

AWARDS AND RECOGNITIONS

The following table sets forth some of our major awards and recognitions received during the Track Record Period and as of the Latest Practicable Date:

Award/Recognition	Awarding year	Awarding Entity
2025 Jiangsu Provincial Advanced Smart Factory (2025年江蘇省先進級智能工廠)	2025	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)
Jiangsu Provincial Unicorn Enterprise (江蘇省獨角獸)	2025	New Quality Productivity Center Of Jiangsu Province (江蘇省新質生產力促進中心)

Award/Recognition	Awarding year	Awarding Entity
2024 Nanjing City "Advanced Group in Promoting High-Quality Development and Exemplary Leadership" (2024年南京市"推動高質量發展爭當示範引領"先進集體)	2025	Nanjing Municipal Committee (南京市委員會), Nanjing Municipal People's Government (南京市人民政府)
Jiangsu Provincial Engineering Research Center for High-Density Advanced Packaging (江蘇省高密度先進封裝工程研究中心)	2024	Nanjing Development and Reform Commission (江蘇省發展和改革委員會)
National High and New Tech Enterprises (高新技術企業)	2023	Jiangsu Provincial Department of Science and Technology (江蘇省科學技術廳), Jiangsu Provincial Department of Finance (江蘇省財政廳) and Jiangsu Provincial Tax Service, State Taxation Administration (國家稅務總局江蘇省稅務局)
Nanjing Engineering Research Center for High-Density Advanced Packaging (高密度先進封裝南京市工程研究中心)	2022	Nanjing Municipal Development and Reform Commission (南京市發展和改革委員會)

LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. Our PRC Legal Advisor has advised us that there was no material legal impediments to renewing business licenses as of the Latest Practicable Date. The table below summarizes the major licenses and permits required by our Group for our current business operations:

Name of licence/permit	Authority granting license/permit	Holder	Date of issue	Date of expiry
Pollutant Emission Permit (排污許可證)	Nanjing Bureau of Ecology and Environment (南京市生態環境局)	The Company	March 20, 2025	March 19, 2030
	Yangzhou Bureau of Ecology and Environment (揚州市生態環境局)	Yangzhou Chiplet	June 27, 2025	June 26, 2030
Registration Certificate for Consignors and Consignees for Import and Export of Goods (進出口貨物收發貨人備案)	Jinling Customs, Nanjing Customs District (金陵海關)	The Company	/	December 31, 2099
	Yangzhou Customs, Nanjing Customs District (揚州海關)	Yangzhou Chiplet	/	December 31, 2099

RESPONDING TO THE COVID-19 OUTBREAK

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization ("**WHO**") declared the outbreak of novel coronavirus disease 2019 ("**COVID-19**"). On 11 March 2020, the WHO characterized the global spread of COVID-19 as a pandemic. The pandemic continued to evolve and affect countries worldwide through 2022. Throughout this period, we conducted our business activities in strict compliance with national and local epidemic prevention requirements. We implemented prevention and control measures to safeguard the health and safety of our employees and to ensure continuity of operations. These measures included remote working arrangements, social distancing protocols, mandatory mask wearing, and enhanced hygiene practices across our offices and production facilities. While certain areas imposed temporary lockdowns and restrictions, our adherence to these measures resulted only

in limited and short-term disruptions. The impact on our operations and financial condition was minimal and non-lasting. Our supply chain, customer relationships, and overall business activities remained stable and resilient during the Track Record Period. As the pandemic has since subsided, and with the relaxation of epidemic control measures globally, we do not expect any further adverse impact on our business operations, supply chain, or financial performance arising from COVID-19.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We regard Environmental, Social, and Governance ("**ESG**") as a fundamental cornerstone for the long-term development of our Company, striving to integrate it deeply into our business and operation process.

Governance

We have formulated the *ESG Management Guidelines* and established a clear and well-defined ESG governance framework. Our Board, as the highest decision-making body for our ESG management, is responsible for reviewing and approving significant ESG matters, including strategies, targets, and key policies, overseeing the evaluation and analysis of ESG-related risks and opportunities, and evaluating the effectiveness of our ESG risk management and internal control systems. We have set up the Environmental, Social, and Governance Committee ("**ESG Committee**") as a dedicated supporting body to the Board. Our ESG Committee is responsible for reviewing material ESG issues related to our business and operations and providing decision-making recommendations, including on ESG strategies and targets, regularly monitoring ESG performance and progress against targets, and reporting to the Board of Directors at least semi-annually. Furthermore, we have established an ESG Working Group as the coordinating and executing body, responsible for implementing ESG-related risks identification, data collection, performance evaluation, and report preparation, ensuring the effective advancement of our ESG strategies and initiatives.

When reviewing material transactions, our Board incorporates ESG-related risks and opportunities into core considerations, requiring the provision of dedicated ESG assessment reports to evaluate the compliance of major transactions with respect to Environmental, Social, and Governance aspects. Our Board leverages relevant research reports to identify ESG-related risks and explore opportunities that can promote sustainable business development, ensuring that major decisions balance commercial value with sustainability principles. Our Board members, in fulfilling their duties in other companies or organisations, attend our Board meetings on schedule, actively review relevant materials to participate in decision-making effectively, and provide feedback on decisions through online communications, dedicated discussions, etc. Our Board of Directors places strong emphasis on lawful, ethical, and responsible business conduct, striving to integrate a compliance culture into our Company's governance framework. To strengthen compliance management, we have compiled a *Compliance and Anti-Corruption Risk Identification Checklist* covering the entire business chain, including finance, operations, and external partnerships, identifying potential compliance gaps and risk points across our operations. Our *Employee Handbook* clearly sets out codes of conduct for all employees, and related training on the *Employee Handbook* for new hires is provided to ensure that all employees understand behavioral boundaries and consciously comply with integrity requirements. We strive to integrate the compliance culture and requirements into daily business processes, continuously strengthening the compliance awareness and self-discipline capabilities among all employees, including directors and senior management. We will organize dedicated compliance training to equip all our employees with knowledges on compliance.

Strategy

We continuously monitor evolving ESG-related social trends and policies both domestically and internationally. Various ESG-related regulatory requirements are becoming increasingly stringent, and customers are placing growing emphasis on low-carbon products, supply chain

management, etc. As a result, we may face additional costs in product development, low-carbon environmental protection, etc. For example, in our own operations, we may incur additional expenses for process improvement and management investment due to energy-saving, emission-reduction, and safety production requirements. To address the potential impacts of external environmental and policy changes, we have established a systematic risk management and response mechanism. Key performance indicators are set for critical issues to track progress against targets, aiming to mitigate the impact of ESG-related risks on our business and operations, and regular reports are provided to our Board and management. For example, in 2023, 2024 and 2025, we invested approximately RMB4.0 million, RMB8.8 million, and RMB4.9 million, respectively, in environmental protection, representing 0.76%, 1.07% and 0.48% of our revenue, respectively. During the Tracking Record Period, the resources invested in implementing related measures had no material impact on our financial performance.

Risk Management

We have gradually established an overall risk management framework to identify, assess, and monitor ESG-related risks that may affect our business operations. Our Board, as the highest decision-making body, assumes ultimate responsibility for the effectiveness of ESG risk management and internal controls. Our ESG Committee is dedicated to coordinating ESG-related matters, identifying the materiality of ESG issues, assessing and analyzing risks and opportunities of key issues, and regularly reporting progress and providing recommendations to our Board. To ensure the effectiveness of ESG-related risk management measures, we periodically conduct assessments, and the results are used to optimize risk management processes and adjust control measures, thereby continuously improving our overall risk management capabilities and ensuring our ability to address potential ESG-related risks. In our ESG risk management process, we identify potential material issues through internal and external research, stakeholder engagement, and regulatory requirements. During this process, we assess the actual and potential impact of these issues on our business operations, as well as their potential impact on the external environment and society, taking into account our operational characteristics, industry standards, and policy requirements. Our ESG Committee, based on assessment results and stakeholder concerns, determines the materiality of issues from the perspectives of risk likelihood and impact, and submits the findings to our Board for review. Our Board further confirms the priority and ranking of material issues to ensure that risk responses are aligned with our Company's strategic direction.

Where necessary, we use data to support quantitative analysis, such as greenhouse gas emissions per unit of revenue, energy consumption, supplier social responsibility compliance rates, and the number of safety incidents, to identify key areas of ESG risk management and guide business and functional departments in formulating corresponding response strategies and action plans.

Material Issues	Risks	Response Strategies
Response to Climate Change . . .	Climate-related physical risks: Extreme climate events, such as floods and heavy rainfall, may cause production interruptions, supply chain delays, or asset losses, which could affect order deliveries and operation efficiency.	We strengthen the disaster resilience of our production facilities, plan for energy storage stations, establish emergency response plans and insurance mechanisms, and regularly conduct emergency drills.
	Climate-related transition risks: If carbon emissions or energy efficiency regulations are further tightened, we may face increased pressure from higher equipment operating and retrofit costs.	We plan to vigorously promote the application of clean energy, waste heat recovery, energy efficiency upgrades, and energy-saving measures at our production sites.

Material Issues	Risks	Response Strategies
Supply Chain Management	If our suppliers fail to meet environmental or social responsibility standards, it could lead to supply chain disruptions, increased raw material costs, or delays in product delivery.	We establish an ESG auditing mechanism for suppliers, incorporating audit results into supplier admission and cooperation conditions, and regularly evaluate compliance.
Occupational Health and Safety .	If we experience a major safety incident, it could adversely impact production continuity and potentially trigger reputational risks and legal liabilities.	We continuously improve safety production policies, upgrade safety facilities, conduct regular emergency drills and training, and establish a key safety metrics monitoring system.

During the Tracking Record Period, we strictly complied with applicable ESG-related laws and regulations. No major violations of environmental, social, or governance-related laws and regulations occurred, nor have we been subjected to significant penalties due to such incidents. Although no major non-compliance events have occurred during the Track Record Period, we continue to optimize internal control processes, such as regularly upgrading pollutant treatment facilities, continuously improving supplier compliance management, and conducting safety production emergency drills to mitigate potential risks.

Metrics and Targets

In the management of ESG matters, we integrate quantitative data to support scientific decision-making and strategic planning. For example, in addressing climate change, in the year ended December 31, 2024, our greenhouse gas emissions (Scope 1 and Scope 2) per unit of revenue were 0.65 tCO_2e per RMB10,000. Compared to the average level of 0.36 tCO_2e per RMB10,000 among seven domestic and international semiconductor packaging and testing peers, this indicates that there is room for improvement in our greenhouse gas emissions performance compared to the industry average, and accordingly, we have set corresponding carbon reduction goals and initiatives. Our Yangzhou facility commenced operations in the second half of 2025. Given that ESG data may not yet be fully stable during the initial ramp-up phase, the relevant metrics will be systematically compiled and disclosed in 2026 ESG Report. Based on the analysis of environmental performance data from peers in the industry, we have evaluated our performance in addressing climate change and, accordingly, set greenhouse gas reduction targets: by 2030, our greenhouse gas emissions (Scope 1 and Scope 2) per unit of revenue will be reduced by 35% compared to 2024 levels. By tracking progress toward our targets and implementing measures, we aim to reduce potential carbon-related costs and policy risks, while strengthening the low-carbon competitiveness of our products.

Climate Change

We have established a top-down climate change governance framework to identify, assess, and monitor climate-related risks and opportunities that may affect our business. Our Board, as the highest decision-making body, assumes ultimate responsibility for climate change-related matters. Our ESG Committee is dedicated to coordinating climate change-related matters, assessing and determining climate-related risks and opportunities, guiding and reviewing climate change management policies and strategies, and regularly reviewing our performance against climate change targets, reporting progress, and providing improvement recommendations to our Board. We regularly identify and assess climate-related risks and opportunities that are closely related to our business operations, evaluating their current and anticipated impacts, and adjust our strategies and specific measures for adapting to and mitigating climate change accordingly. We continuously strengthen climate-related risk management, improving emergency plans and drills for flood risks

to enhance business continuity and resilience under extreme weather conditions. To advance our low-carbon transition and achieve our greenhouse gas reduction targets, we have implemented a series of measures, including but not limited to: (i) for all power equipment and utility facilities procured in 2025, we strictly select products that meet the national Tier-1 energy efficiency standard, reducing energy consumption during equipment operation; (ii) all newly purchased production forklifts and business-use vehicles are new energy vehicles; (iii) for employee dormitory residents, we have introduced dedicated shuttle bus services and optimized route planning, effectively lowering the frequency of private-vehicle commuting and reducing greenhouse gas emissions associated with employee mobility; and (iv) we have established a comprehensive energy-management accountability system to ensure the accuracy and transparency of our energy-consumption and greenhouse gas emissions data.

		Year ended December 31		
	Unit	**2023**	**2024**	**2025**
Scope 1 greenhouse gas emissions	tCO_2e	336.24	721.38	1,021.73
Scope 2 greenhouse gas emissions – market-based	tCO_2e	37,891.48	52,777.38	59,346.69
Scope 3 greenhouse gas emissions[1]	tCO_2e	19,280.01	20,914.80	40,511.08
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO_2e	38,227.72	53,498.75	60,368.42
Greenhouse gas emissions (Scope 1 and Scope 2) per unit of revenue	tCO_2e/ RMB10,000	0.74	0.65	0.60

Emissions and Waste

We have set quantitative targets for waste. By 2030, our waste generation per unit of revenue is expected to be reduced to 8.40 kg per RMB10,000, representing a 25% reduction compared to 2024 levels. Additionally, we regularly monitor pollutant emission concentrations, aiming to ensure that emissions comply with relevant regulations and industry standards. In the future, we will consider setting pollutants reduction targets in the future. The emissions generated from our production operations mainly include water pollutants such as chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus, total copper, total nickel, and total silver; air pollutants such as non-methane total hydrocarbons, nitrogen oxides, sulfuric acid mist, isopropanol, and particulate matter; general solid waste such as waste targets, defective products, and waste semiconductor packaging materials; as well as hazardous waste such as organic waste liquids, waste mercury lamps, copper-containing bath liquids and sludge, and nickel-containing bath liquids and sludge. We comply with pollutant discharge standards such as the *Discharge Standards of Pollutants for Semiconductor Industry*, the *Integrated Wastewater Discharge Standard*, and the *Integrated Emission Standard of Air Pollutants*. To ensure compliance with pollutant discharge standards and proper waste disposal, we have established policies such as *Hazardous Waste Collection, Management and Disposal Operation Instructions*, *Wastewater, Waste Gas and Factory Boundary Noise Management Procedure*, *Waste Management Control Procedure,* etc. We have obtained ISO 14001:2015 Environmental Management System certification, and the management policies and procedures related to emissions have been verified.

Note 1: The Scope 1 greenhouse gas emission factors refer to the *China Energy Statistical Yearbook*; the Scope 2 greenhouse gas emission factor for 2022–2024 is based on the *Announcement on the Release of the 2022 CO_2 Emission Factors for Electricity*, while the factor for 2025 is based on the *Announcement on the Release of the 2023 CO_2 Emission Factors for Electricity*. Scope 3 greenhouse gas emissions, including purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, employee commuting, and upstream leased assets, are calculated in accordance with the *Greenhouse Gas Accounting System Corporate Value Chain (Scope3) Accounting and Reporting Standards*.

The pollution control measures we have adopted include, but are not limited to: (i) non-methane total hydrocarbons generated during the temporary storage of hazardous waste are captured through a gas collection pipeline, treated using an existing secondary activated carbon adsorption device, and then emitted through a 15-meter high exhaust stack; (ii) particulate matter generated in the wafer-level chip-scale packaging production line's printing process is treated using the equipment's built-in "precision filtration" system; (iii) kitchen grease is treated through a grease purification device before being discharged; (iv) rainwater and sewage are separated in the drainage system for specific projects; (v) nickel-containing wastewater and silver-containing wastewater undergo "coagulation precipitation + resin adsorption" pretreatment before entering the integrated wastewater treatment system, with the treated water being pH-adjusted and directed to the local wastewater treatment plant. Regarding waste disposal, we adhere to the principles of "reduction, resource utilization, and harmlessness treatment" and implement measures for the collection, disposal, and comprehensive utilization of various solid wastes, aiming to achieve zero discharge of solid waste. Our waste management practices encompass a wide range of measures, including but not limited to: (i) hazardous wastes, including organic waste liquids, spent mercury lamps, etc., are entrusted to qualified and licensed entities for safe and compliant disposal; (ii) general solid wastes are managed through professional service providers that undertake resource utilization or standardized treatment; (iii) we promote circular use of packaging materials by recovering and reusing a portion of wafer packaging boxes previously delivered to customers, while internally generated cardboard boxes are sorted and repurposed for in-house material handling; and (iv) we carry out continuous-improvement initiatives aimed at enhancing the yield rate of core product packaging processes.

		Year ended December 31		
	Unit	**2023**	**2024**	**2025**
Domestic wastewater discharge volume	m^3	117,900.00	149,550.00	157,400.00
Industrial wastewater discharge volume	m^3	518,719.25	560,782.03	602,997.00
Non-hazardous waste generation	Tonnes	88.00	120.00	118.00
Hazardous waste generation	Tonnes	337.60	806.58	825.38
Non-hazardous waste per unit of revenue	Tonnes/ RMB10,000	0.002	0.001	0.001
Hazardous waste per unit of revenue	Tonnes/ RMB10,000	0.007	0.010	0.008

In 2023, we received two administrative penalties from the Nanjing Ecology and Environment Bureau for exceeding the chemical oxygen demand concentration and non-methane total hydrocarbons concentration. We paid a total fine of RMB205,000. The core cause of both pollutant exceedance incidents was the malfunction of our online wastewater and waste-gas monitoring equipment, which resulted in abnormal data readings rather than any actual exceedance of discharge concentrations by our Company. At the time of the incidents, the on-site equipment operation and maintenance personnel failed to promptly flag the abnormal data or investigate the root cause following equipment malfunction. By the time the malfunction exceeded the allowable response window, the abnormal data had become non-traceable and could on longer be corrected, thereby triggering regulatory inspections. Following the incidents, we immediately initiated comprehensive rectification measures. First, we engaged a qualified professional operation and maintenance team specializing in online monitoring systems to take full responsibility for routine inspections, calibration, maintenance, and emergency response. Second, we established an equipment-failure emergency plan and a data-verification mechanism that set clear requirements for response time, data handling, exception tagging, traceability, and correction. For 2023, 2024 and 2025, our average chemical oxygen demand concentrations discharged were 70.31 mg/L, 55.43 mg/L, and 20.49 mg/L, respectively, all below the discharge limit of 300 mg/L; our average non-methane total hydrocarbons concentrations discharged were 11.45 mg/m^3, 10.42 mg/m^3, and 8.43 mg/m^3, respectively, all below the emission limit of 50 mg/m^3. The regulatory records of both incidents

have since been formally revoked following independent third-party environmental audits. Since the occurrence of these two incidents, we have not experienced any further data-monitoring anomalies or compliance violations.

Use of Resources

We have set quantitative targets for energy consumption. By 2030, our energy consumption per unit of revenue is expected to be reduced to 0.85 MWh per RMB10,000, representing a 25% reduction compared to 2024 levels. Our energy consumption primarily consists of electricity and natural gas. We have established a three-tier energy management system covering "production workshop — production line — equipment", developed medium- and long-term energy development plans, energy consumption indicators, and assessment targets. We have obtained ISO 50001:2018 Energy Management System certification, which covers energy management activities involved in the design and production processes of semiconductor manufacturing wet-processing equipment.

To improve energy efficiency, our energy-saving initiatives include, but are not limited to: (i) we dynamically adjust the operating parameters of vacuum pumps based on real production conditions and replace two low-pumping-speed units with a single high-pumping-speed unit, reducing the operating power of each unit by 20 kW and saving approximately 86,000 kWh of electricity per year; (ii) we have introduced an AI-enabled energy analytics system that identifies the optimal operating mode for the air conditioning and heating system through real-time data comparison, and then integrated these insights with our intelligent energy-management platform for automated control, which can reduce annual energy consumption by approximately 12 million kWh after optimization; (iii) we have installed heat-recovery devices on chillers and centrifugal air compressors to capture residual heat, which is then reused in the hot-water systems serving the air conditioning and heating systems in office and production areas, which can reduce natural gas consumption by approximately 200,000 cubic meters per year; (iv) we strictly enforce air-conditioning usage protocols in office and dormitory buildings, to prevent unnecessary energy consumption; (v) we are planning to expand our on-site photovoltaic power stations and energy-storage facilities to increase the share of clean energy in our energy mix.

We have set quantitative targets for water resource utilization. By 2030, our water consumption per unit of revenue is expected to be reduced to 13.72 tonnes per RMB10,000, representing a 25% reduction compared to 2024 levels. Additionally, we have set a target for annual water resource recycling rate to reach 10%. Our water usage mainly relies on municipal water supply. To further improve water resource utilization, the water-saving measures we have implemented include, but are not limited to: (i) we have established a closed-loop "wastewater treatment and reuse" system, whereby wastewater generated from grinding and slicing processes is purified through ultrafiltration and reverse-osmosis systems and then used for cooling dry pumps in workshops and flushing toilets in office buildings. In 2024, we saved a total of 200,000 tons of tap water through this system. (ii) we conduct regular water-conservation awareness campaigns, to reinforce water-saving practices among all employees; and (iii) our facilities management team performs monthly inspections of all water-use equipment across the plant, focusing on pipes, valves, and other potential leakage points. Through the implementation of these measures, we have significantly enhanced water-use efficiency across our operations and have successfully obtained the Water-Saving Enterprise certification of Nanjing.

		Year ended December 31		
	Unit	2023	2024	2025
Total energy consumption	MWh	66,232.98	93,402.67	101,995.41
Energy consumption per unit of revenue	MWh/ RMB10,000	1.28	1.13	1.01
– Natural gas	m^3	154,520.00	331,516.00	469,545.00

	Unit	Year ended December 31		
		2023	2024	2025
– Electricity	MWh	64,705.40	90,125.30	97,353.49
Water consumption	m^3	938,948.00	1,513,299.00	1,700,927.00
Water consumption per unit of revenue	m^3/ RMB10,000	18.09	18.29	16.79

Employment and Labor Standards

We value the compliance of employment and have established internal policies such as the *Policy of Recruitment Management*, the *Policy of Compensation and Benefits Management*, and the *Employee Handbook*, clearly defining employment procedures, rights protection, and labor discipline. Through regular training and awareness programs, we ensure the effective implementation of these policies. Our workforce includes full-time permanent employees and dispatched labours. We strictly comply with labor laws and regulations, with clear provisions in our policies prohibiting child labor and forced labor. During recruitment, we rigorously verify identities to prevent the employment of underage individuals, respect employees' right to freely choose their occupation, ensure work arrangements are based on labor contracts. We place strong emphasis on the effective management of employees' working hours and have established tailored working hours systems for different roles to safeguard employees' rights and promote a healthy work-life balance. For positions such as production and quality operators, shift engineers, and shift technicians, we adopt a comprehensive working hours system. In alignment with applicable labor regulations, we maintain a rigorous and well-defined process for the application and approval of work system permits, ensuring that all working arrangements are implemented in a lawful, compliant, and responsible manner. For 2023, 2024, and 2025, our total number of employees was 1,932, 2,230, and 2,554, respectively, of which 1,341, 1,583, and 1,753 were male, and 591, 647, and 801 were female. The number of management employees was 80, 93, and 103, respectively.

Health and Safety

Our occupational health strategy aims for "zero injuries, zero accidents" and strives to build a fundamentally safe, healthy, and civilised enterprise. In terms of management systems, we have established health and safety management systems, such as the *Safety Production Target Management System*, *Safety Production Responsibility System*, and *Safety Production Input and Guarantee System*, providing solid institutional support for occupational health and safety management. We have obtained ISO 45001:2018 Occupational Health and Safety Management System certification and operate management based on this system. The occupational health management measures we have implemented include, but are not limited to: (i) focusing on risk and hazard control, conducting hazard source identification, classifying and controlling hazards, and implementing corresponding control; (ii) organizing health examinations for employees to protect their health and safety; (iii) developing emergency rescue plans and emergency procedures, and regularly conducting emergency drills related to occupational health and safety; (iv) establishing the *Accident Management System*, which clearly defines reporting, handling, investigation, and treatment of accidents, providing work injury insurance for each employee, and in the event of work-related injuries, handling them in accordance with the *Work Injury Recognition and Labor Capacity Assessment System*. For 2023, 2024, and 2025, our number of work-related fatalities was zero, and the number of lost workdays due to work-related injuries was 258, 202, and 710[1] days, respectively.

Note 1: All work-related injuries resulted from traffic accidents occurring during employees' commuting to and from work. We actively supported the work-related injury determination process, provided care and assistance to affected employees, and regularly conducted safety reminders and awareness initiatives to strengthen employees' safety awareness.

Development and Training

We have established a clear management framework for employee career development and training. At the same time, we have developed the *Training Management System*, which comprehensively ensures the implementation from procedure standards to responsibility allocation. Regarding employee training, we offer a variety of training methods and resources to provide training in areas such as corporate culture, rules and regulations, production processes and quality requirements, product introduction, job operation skills, professional knowledge, talent development, etc. Regarding employee career advancement and performance appraisal, we offer employees dual development paths, including management and professional technical tracks, to meet the growth needs of different employees. We conduct annual employee performance evaluations, which comprehensively assess goal completion, job competency, and team collaboration performance. In 2023, 2024, and 2025, our average training hours per employee were 160.36, 168.04, and 151.81 hours, respectively. By gender, the average training hours were 163.16, 167.32, and 155.68 for male employees, and 154.27, 169.82, and 143.34 for female employees. By employee category, the average training hours were 43.70, 46.86, and 47.17 for management employees, and 166.28, 173.85, and 156.20 for frontline employees.

Supply Chain Management

We have developed the *Guidelines of Supplier Management* to standardize the entire procurement process. We have obtained certification from the Responsible Business Alliance, meaning that our supply chain management meets internationally recognized standards for labor rights, environmental protection, business ethics, etc. When introducing new suppliers, we require them to provide documents such as hazardous substance investigation forms, chemical registration, assessment, authorization, and restriction investigation forms, and relevant environmental management surveys from stakeholders. When selecting suppliers, we incorporate environmental performance into the admission criteria, prioritising eco-friendly suppliers and guiding them to use environmentally friendly products and services. After passing the review, suppliers must sign a social responsibility guarantee and anti-corruption agreement before being included in the cooperation system, ensuring that suppliers adhere to the principles of integrity and fulfill social responsibilities when working with us. We will require our suppliers to continually meet basic requirements such as environmental protection, labor compliance, business ethics, etc. During the cooperation process, suppliers who do not perform to meet the requirements will be required to make rectifications, and in the event of serious violations or ineffective rectifications, they will be disqualified as suppliers. For 2023, 2024, and 2025, we had a total of 525, 517, and 503 suppliers, respectively, of which 480, 474, and 462 were located in the PRC, and 45, 43, and 41 were located in Hong Kong, Macau, Taiwan, and overseas.

Product Responsibility

Product Quality and Safety

In terms of quality management policies and systems, we have obtained IATF 16949: 2016 Automotive Industry Quality Management System certification and ISO 9001: 2015 Quality Management System certification to ensure standardized and regulated quality management. We require all employees to undergo quality awareness training, covering topics such as quality definitions, quality control systems, total quality management, and zero-defect principles. We strictly follow inspection documents for each process to carry out product quality checks. Inspection abnormalities trigger the Out-of-Control Action Plan for abnormal handling, which can only be closed after corrective actions are confirmed by the Quality Assurance (QA) system. The entire production process relies on the inspection system to control, ensuring that uninspected products cannot pass. The Company has an integrated quality management system, achieving systematised quality management and improving efficiency and accuracy. We have established a clear product recall process. First, the QA confirms return authorization requirements and return lists with the customer, and the production line verifies the actual products against the list. The QA then convenes a meeting to determine the rework plan and aligns with the customer on the handling solution. After customer approval, rework and inspection are carried out. The QA reviews the rework results, and if the product is qualified, it is either stored or shipped according to the customer's requirements, while nonconforming products are scrapped, ensuring efficient and standardized process. In 2023, 2024 and 2025, no product recall events that had a material adverse effect on our business occurred.

Customer Service and Privacy Protection

In customer relationship management, we have established a *Customer Satisfaction Survey Policy*, conducting annual surveys on customer satisfaction. Based on the survey results, the QA assigns the corrective actions to relevant departments and monitors the implementation to ensure effective rectification.

We have formulated an *Information Confidentiality Policy*, with clear provisions on confidentiality levels, content, responsibility allocation, and penalties. To protect the information security of both our Company and customers, we sign mutual confidentiality agreements with our customers, requiring both parties to keep project details, designs, parameters, etc., strictly confidential to prevent information leakage.

We have established fair trade, advertising, and competition management programs. All external promotions are subject to internal procedure controls, such as requiring approval for publicity materials and government information releases. When promoting or introducing products to the market, we ensure truthful representation without exaggeration, thus maintaining a fair competitive market environment.

Anti-corruption

We place great emphasis on building a compliance system and have developed the *Policy of Anti-bribery Management*, which was revised in 2024, to clearly define management responsibilities and implementation standards to eliminate conflicts of interest, false operations, and other unethical practices. We have set up an annual internal audit plan. Any issues discovered are promptly followed up for rectification to ensure stable operations.

We have built a comprehensive ethics training system. New employees must attend ethics training during their onboarding process, learning about professional ethics, integrity requirements, and developing compliance awareness. Based on business characteristics, we have designated the procurement and business departments as key anti-corruption departments and conducted dedicated integrity training. In the future, all employees in procurement and business departments will be required to sign an integrity commitment.

To ensure fairness and transparency in anti-corruption efforts, we have established a clear whistleblowing system and protection mechanisms for whistleblowers, encouraging employees to participate in internal supervision. We have set up email accounts for the chairman of the Board and the general manager of our Company to allow employees to provide whistleblowing information. At the same time, we strictly protect the confidentiality of whistleblower information and prohibit retaliation, ensuring the safety of whistleblowers. In 2023, 2024, and 2025, neither we nor our employees were involved in any corruption-related lawsuits that were filed and concluded.

Community Investment

We actively fulfill our social responsibility by making periodic donations to the Red Cross and organizing employee volunteer services, as well as conducting community support activities in surrounding areas. We irregularly communicate with the local Human Resources and Social Security Bureau to ensure timely alignment with community needs, promote positive interaction with the community, and contribute to community development.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which, in the opinion of our Directors, could have a material adverse effect on our business financial condition or results of operations.

Non-Compliance

Our Directors confirmed that we had complied with all relevant laws and regulations in the PRC in all material respects, during the Track Record Period and up to the Latest Practicable Date. See "— Employees" and "— Properties" in this section for details of certain of our compliance matters.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting and compliance. Our Board of Directors and our general manager are responsible for the establishment, updating and implementation of our internal control policies and systems, the Document Control Center (DCC) technical committee is responsible for review and evaluation, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams. We have adopted or will continue to adopt, among other things, the following measures: (a) adopt various policies to ensure compliance with the Listing Rules, including but not limited to, aspects related to risk management, connected transactions and information disclosure; (b) maintain and keep up-to-date a related parties list to keep track of all the relevant parties of the Group and the upper limit for each connected transaction, as well as annually review the list for proper disclosure; and (c) adopt various policies and procedures regarding insider trading, reporting of misconduct, independence and conflict of interest, anti-money laundering and a whistleblowing and anti-fraud measures within the Group. Based on the above, our Directors are of the view that we have taken reasonable steps to establish an internal control system and procedures that are adequate and effective to manage the risks we are exposed to in our business operations.

Financial reporting risk management

We have various procedures in place to implement accounting policies, and our financial team reviews our management accounts based on such procedures. We also provide trainings to our members of finance department to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Compliance risk management

We have adopted internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. Our in-house legal team performs the function of reviewing and updating the form of contracts we enter into with our customers, partners, and suppliers. Our legal team examines licenses and permits obtained by the counterparties to perform their obligations of business contracts and the necessary underlying due diligence materials, before we enter into any contract or business arrangements. Our in-house legal team is responsible for obtaining any requisite governmental pre-approvals or consents. We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

PATH TO PROFITABILITY

Since our inception in 2020, we placed great emphasis on long-term sustainable growth driven by technological advancements and mass production progress. We made substantial strategic investments in the R&D of proprietary technologies, recruitment of specialist personnel, manufacturing of products and upgrade of production facilities. Leveraging our strategic investments, we built a comprehensive product portfolio, encompassing QFN, BGA, LGA, WLP and 2.5/3D products.

Analysis on Historical Losses

In the semiconductor packaging industry, companies that adopt the OSAT model typically experience a common industry cycle, which involves incurring upfront capital expenditures and R&D expenses, along with an increase in production capacities. Consequently, we inevitably faced certain amount of upfront losses. Specifically, our operational losses during the Track Record Period were primarily due to: (i) the depreciation and amortization of production equipment; (ii) the amount of R&D expenses incurred; (iii) the expenses of finance costs attributable to the interests in shareholder redemption right; and (iv) the share based payment paid to employees. For details of net loss, accumulated losses, gross losses, adjusted net loss (non-IFRS measure) and net current liabilities, please see "Financial Information".

We believe our robust R&D pipeline, scalable production capabilities, comprehensive product portfolio as well as mass production capabilities have laid a solid foundation for our business sustainability and long-term development. In particular, we expect that our profitability will be enhanced in the future, primarily attributable to: (i) increase in revenue; (ii) gross margin improvement; and (iii) control of operating expenses by enhancing operational efficiency.

A. INCREASING REVENUE

(i) Growth with semiconductor packaging industry

According to Frost & Sullivan, the global semiconductor packaging and testing market increased from RMB495.6 billion to RMB649.4 billion with a CAGR of 7.0% from 2020 to 2024. During this period, the PRC market achieved a market size of RMB248.1 billion in 2024, with a CAGR of 9.1% from 2020 to 2024. Looking ahead, the global semiconductor market is expected to grow to RMB933.0 billion by 2029 with a global CAGR of 7.5% from 2024 to 2029. The PRC market is projected to maintain strong growth momentum and will reach RMB390.0 billion by 2029 with a CAGR of 9.5% from 2024 to 2029. According to Frost & Sullivan, the market scale of advanced semiconductor packaging and testing industry increased from RMB214.1 billion in 2020 to RMB312.4 billion in 2024, with a CAGR of 9.9%. It is projected that in 2025, the global advanced packaging and testing market will account for more than 50% of the overall packaging and testing market for the first time, surpassing traditional packaging. By 2029, the global advanced packaging market scale is expected to reach RMB524.4 billion, with a CAGR of 10.9% from 2024 to 2029. The market size of advanced packaging and testing in the PRC increased to RMB96.7 billion in 2024, with a CAGR of 13.3% from 2020 to 2024. It is projected that by 2029, the relevant market scale will further grow to RMB188.8 billion, with a CAGR of 14.3% from 2024 to 2029. Since our inception, we have been dedicated to building our mass production capability and making investment in the R&D for our core technology as a foundation to capture the opportunities in the booming advanced packaging industry. Our revenue increased from RMB509.1 million in 2023 to RMB1,012.2 million in 2025, with a CAGR of 41.0%.

(ii) Solidifying with existing customers

In response to the strong demand for advanced packaging, we intend to acquire more customers in the industry, as well as increase the penetration rate of advanced packaging products, we plan to (a) strengthen our cooperation with existing customers while actively acquiring new customers in the PRC and Taiwan, China to support continued revenue growth, and (b) increase our production capacity, proactively planning and expanding to seize market opportunities in downstream sectors.

(iii) Continuing to source new customers

We secured high-profile customers during the Track Record Period, including Customer Group G, a subsidiaries of a company listed on the Shenzhen Stock Exchange, which is primarily engaged in the design and development of microprocessor chips, intelligent video processors and memory products; and Customer H, a subsidiary of a company listed on Shenzhen Stock Exchange and focuses on integrated circuit design, information technology services and related patent development. Moreover, our revenue growth is supported by the expansion of customer collaborations in advanced packaging, as we have strengthened R&D and production capabilities of packaging for GPUs, optical modules, and high-end AI power management chips since 2025. For details, see "Business — Our Strengths — Providing End-to-End Solutions Powered by New Technology".

(iv) Demonstrating stickiness of existing customers with high client retention rate

The relationships we cultivate with our customers also foster loyalty, resulting in repeat business and referrals that further expand our reach. For the years ended December 31, 2023, 2024 and 2025, we generated revenue from 127, 133 and 161 customers, respectively. For the years ended December 31, 2023, 2024 and 2025, our customer retention rates, which is calculated based on the percentage of customers for the immediately preceding year which remained to be our customers contributing revenue for the following year, divided by the total number of customers at the beginning of the year who had contributed revenue to us in the immediate preceding year, was approximately 77.4%, 79.5% and 79.0%, respectively, representing 96, 101 and 105 retained customers for the same period.

	For the year ended December 31,		
	2023	2024	2025
Number of customers (opening balance)	124	127	133
Addition	31	32	56
Deduction	28	26	28
Number of customers (ending balance)	127	133	161
Customer Retention rate	77.4%	79.5%	79.0%

Notes:

1. Addition refers to the number of new customers and returned customers who had revenue contributions in the current year and with transaction history, but not in the previous year.

2. Deduction refers to number of customers who had revenue contributions in the previous year, but not in the current year.

3. Customer retention rate refers to the percentage of customers for the preceding year which remained to have revenue contributions for the current year

Based on the historical data, we have demonstrated a consistent ability to expand our customer base year after year. This steady upward trajectory reflects not only successful new client acquisition but also a high client retention rate, which underscores our ability to maintain long-term relationships while simultaneously broadening our market reach.

(v) Increasing production capacity to capture increasing market opportunities

We plan to increase our production capacity in response to the significant growth in advanced packaging markets and the increasing penetration of advanced packaging products. We expect to incur additional capital expenditure to cater for the increase in production capacity. As of December 31, 2025, we had capital commitments related to property, plant and equipment of RMB466.4 million. We also plan to use [**REDACTED**] from the [**REDACTED**] to purchase and upgrade facilities and equipment for the expansion of production lines at our production bases. Taking into

account of our market share of approximately 0.6% in 2024 in terms of sales revenue of advanced packaging product among General-Purpose OSAT Companies in the PRC according to Frost & Sillivan, we consider such opportunities to be promising to support an expansion in production capacity in order to allow future business growth, which is supported by the considerable increase in sales of packaging products during the Track Record Period.

For the year ended December 31, 2025, the Nanjing production base had a designed production capacity of approximately 6,410 million units, with actual production volume of 5,416 million units, representing a utilization rate of about 84.5%. The Nanjing production base is undergoing continuous upgrades to enhance efficiency and output. Moreover, since commencement of operation in July 2025 to December 31, 2025, the Yangzhou production base had a designed production capacity of approximately 62.7 million units, with actual production volume of 43.3 million units, representing a utilization rate of about 69.0%. It is also undergoing continuous upgrades. The below table sets out the expected designed production capacity of the Nanjing production base and Yangzhou production base:

	For the year ending December 31		
	2026	2027	2028
	Designed production capacity	Designed production capacity	Designed production capacity
	(units)	*(units)*	*(units)*
Nanjing production base	6,528,170,000	7,191,200,000	8,459,700,000
Yangzhou production base	522,000,000	780,000,000	1,000,000,000
Total	7,050,170,000	7,971,200,000	9,459,700,000

The Directors are of the view that the establishment of the additional production base and the upgrade of machinery for existing production plant is supported by sufficient demand, considering that: (a) *Industry Growth.* According to Frost & Sullivan, the global semiconductor market boasts enormous potential and vast space. Looking ahead, the global semiconductor market is expected to grow to RMB933.0 billon by 2029, whereas the PRC market is projected to maintain strong growth momentum and will reach RMB390.0 billion by 2029. The PRC share in the global market continues to rise, reflecting the country's growing significance in the semiconductor packaging and testing industry amid these favourable industrial drivers. We are of the view that, in general, the increase in industry demand for packaging products will indicate corresponding increase in demand for our products and historical track record that the our revenue and thus the demand for our products continued to grow along with the increasing industry demand in the PRC. (b) *Historical Growth.* For the years ended December 31, 2023 and 2024, 2025, we recorded revenue of approximately RMB509.1 million, RMB827.4 million and 1,012.2 million, representing an increase of approximately 62.5% and 22.3% year to year increment in terms of sales revenue of packaging products for the years ended December 31, 2024 and 2025, respectively. For the years ended December 31, 2023 and 2024, 2025, we produced approximately, 2,499 million units, 4,314 million units and 6,411 million units of packaging products, representing an increase of approximately 72.6% and 48.6% year to year increment in terms of produced volume of packaging products for the years ended December 31, 2024 and 2025, respectively. Moreover, we were able to further attract new customers, as evidenced by the increase in number of customers for the years ended December 31, 2023 and 2024 and 2025, being 127 and 133 and 161. Accordingly, our historical data demonstrates sufficient and sustainable market demand for packaging products. The combination of growth in (i) revenue, (ii) sales volume, and (iii) number of customers supports our products are competitively positioned and well-received in the market. (c) *Competitive Advantages over other Market Players.* We believe that the our strong R&D capabilities, as evidenced by the number of patents we own, coupled with our diversified product offering, has distinguished us from other market players in the PRC's packaging and testing industry. As of the Latest Practicable Date, our R&D efforts had accumulated 225 patents, which consisted of over 39 invention patents and 186 utility model patents in the PRC. According to Frost & Sullivan, of the top eight domestic market

players of General-Purpose OSAT companies by revenue in advanced packaging and testing, we are one of the four companies that that have achieved comprehensive capabilities across advanced packaging categories, namely, 2.5D/3D (FOCT-R/S/L, TGV), WLP (Fan-Out WLP, Fan-In WLP and Bumping), BGA (WB/FC-BGA, Hybrid-BGA), LGA (WB/FC-LGA and Hybrid-LGA), and FC-QFN in 2024. (d) *Anticipated Customers' Demand.* We have discussed with major customers on their expected demand for packaging products which indicates an overall increasing trend in 2026 as compared to 2025. We will continue to maintain relationship with existing customers in order to ensure future orders for packaging products.

(vi) Continuing technology development for mass production to enhance new product offering

The continual development and iteration of packaging products enables us to offer more solutions with better performance to customers. The diversification and enhancement of our product offerings would also allow us to meet the diverse needs of customers, thereby driving order volume and contributing to sustained revenue growth. The below table sets out the current status, expected mass production timeline and perspective customers of our new packaging products and technologies:

New Products & technologies	Sub-category	Current Status	Perspective Customers
2.5D/3D	FOCT-S	FOCT-S: completed internal technique validation; and in readiness to support batch level internal technique validation upon customer request.	Leading domestic GPU/HPC customer
	FOCT-L	FOCT-L: completed internal technique validation; and in readiness to support batch-level internal technique validation upon customer request.	Leading domestic GPU/HPC customer
	SETis/RETiS	SETis/RETiS: completed internal technique validation; and in readiness to support batch-level internal technique validation upon customer request.	Currently in early-stage customer promotion
	CPO	CPO: completed internal technique validation; completed batch-level internal technique validation; undergoing initial customer onboarding.	Leading domestic optical module manufacturer
TXV	TMV	TMV: completed internal technique validation; and in readiness to support batch-level internal technique validation upon customer request.	Leading domestic GPU customers
	TGV	TGV: completed internal technique validation, and undergoing batch-level internal technique validation in collaboration with School of Integrated Circuits, Southeast University.	Domestic radio frequency-related client

New Products & technologies	Sub-category	Current Status	Perspective Customers
X-SiP	EMI Shielding SiP	EMI Shielding SiP: completed internal technique validation; completed batch-level internal technique validation; undergoing initial customer onboarding.	Leading domestic RF module company
	EMI Shielding DSmSiP	EMI Shielding DSmSiP: completed internal technique validation; and undergoing batch-level internal technique validation upon customer request.	Leading domestic RF module company
	OLGA	OLGA: completed internal technique validation; completed batch-level internal technique validation; undergoing initial customer onboarding.	Leading domestic optical sensor company

We have made progress in the development of multiple advanced packaging technologies. These developments reflect our strong execution in product innovation and customer alignment, and position us to capture future demand in high-performance computing and RF applications.

B. GROSS MARGIN IMPROVEMENT

As our business and revenue grew during the Track Record Period, we benefited from economies of scale and experienced an improvement in the gross loss margins of packaging products.

(i) Gross Margin Improvement through optimization in product mix, customer portfolio and sales structure

Product Mix

To enhance our gross margin profile and mitigate exposure to loss-making product lines, we implemented a targeted profitability management strategy. This strategy involves conducting analyses of purchasing patterns to identify customers whose procurement is concentrated in packaging products with structurally low or negative margins. For such customers, we adjust our product mix by phasing out low-margin offerings, tightening supply allocation, and revising contractual terms to incentivize substitution toward higher-margin alternatives. Concurrently, we deepen customer engagement through tailored technical and commercial solutions that deliver performance and value, thereby guiding demand toward packaging products that contribute positively to profitability. As a result of these efforts, we achieved a reduction in loss margins across our top ten customers during the Track Record Period. While certain customers continued to exhibit negative gross profit margins due to legacy product structures or transitional demand patterns, the overall trajectory reflects improvement. For example, the aggregate gross loss margin for our top ten customers narrowed from 27.2% in 2023 to 14.3% in 2025. This margin improvement was driven by a combination of product rationalization and enhanced pricing mechanisms. We believe these measures have laid a robust foundation for sustainable margin expansion and improved customer quality going forward.

Optimization in Customer Portfolio

To optimize customer portfolio, we plan to:

(a) *QFN segment:* (i) strengthen cooperation with Customer Group C, strengthening its presence in higher-margin QFN products. To secure orders from Customer Group C, we assist in the rapid and efficient development of new products and expand production capacity to accommodate the increased order demand of Customer Group C. Our strong technical engineering capabilities, service efficiency, and responsive delivery commitments are the underlying reasons why Customer Group C has chosen to purchase orders from us; and (ii) negotiate with Shenzhen Injoinic Technology Co., Ltd.* (深圳英集芯科技股份有限公司), with a view to increasing unit price to improve its gross margin.

(b) *BGA segment:* (i) increase purchase orders for BGA from a major customer based in Taiwan, China; (ii) increase purchase orders for BGA from Customer H; and (iii) negotiate with Customer J with a view to increasing unit price to improve its gross margin.

(c) *LGA segment:* (i) increase purchase orders from Customer Group F for SiP-LGA with higher gross margin while negotiating to increase price for WB-LGA to improve gross margin; and (ii) increase purchase orders for LGA from XinpleTek (Shanghai) Co., Ltd.* (芯樸科技(上海)有限公司).

(d) *WLP segment:* increase purchase orders for Customer Group A.

Sales Structure

To ensure efficient communication and accelerate adoption of new products, we establish a dedicated key account manager system to coordinate internal resources and resolve technical issues. Weekly review meetings will be held to monitor product development progress, while quarterly business review (QBR) sessions will strengthen client engagement and loyalty. In parallel, we optimize our customer-specific documentation system to quickly align with customer quality and technical requirements, enabling rapid evaluation and timely feedback. These measures will enhance communication efficiency, deepen client relationships, and support the successful rollout of advanced packaging products.

(ii) reduce costs of sales by increasing the efficiency of supply chain management, and taking into costs control measures in raw materials, labours and utilities

Supply Chain Management

Effective supply chain management is vital to reducing costs and enhancing profitability. By diversifying supplier base, we fostered price competition while maintaining product quality. At the same time, as our sales scale and production output increase, our bargaining power with suppliers has increased, enabling more favorable procurement prices for raw materials. For years ended December 31, 2023, 2024 and 2025, our aggregate unit price on its purchase of raw materials for same product model from our top raw material suppliers has generally declined.

We have adopted a series of measures to achieve procurement savings, including leveraging market competition pressure by introducing new suppliers or utilizing competition among existing suppliers, engaging in direct price negotiations based on market conditions and cost analysis to secure more favourable unit prices. In addition, by partnering with core suppliers, we are able to more effectively mitigate cost fluctuations caused by supply-demand imbalances and ensured stable product supply for customers. During the Track Record Period, our procurement costs in average

steadily declined, and we did not experience any cost fluctuations caused by supply chain disruptions for key materials. We expect to continue optimizing raw material procurement costs through supply chain management, creating strong profitability potential for our products.

Production Costs Reduction

To reduce the costs of sales, we have taken cost control measures as follows: (a) ***Raw material costs.*** To reduce raw material costs we have entered into long-term supply contracts with its top suppliers during the Track Record Period, thereby stabilizing pricing. At the same time, from an internal perspective, we promote material recycling and reuse, such as reclaiming gold wires, solder balls, and substrates, with implementation of waste liquid recycling. For instance, we worked towards testing cyanide-free electroplating waste solutions with suppliers to reach recovery rates above 95%. Where feasible, we adopt alternative materials to balance cost and performance, introducing domestic low-cost substitutes, covering, substrates, copper wires, conductive adhesives, and molding compounds. In addition, we implement lean inventory management to minimize waste and inventory costs, with material control based on business forecasts and delivery schedules adjusted appropriately upon issuance of production orders; (b) ***Labor costs.*** To reduce reliance on manual labor, we invested in automation and robotics, implementing cost-reduction projects across different production stations through dedicated project management, thereby lowering labor dependence and overall labor costs. Also, we adopt a flexible labor model, outsourcing non-core functions such as material delivery, security, and cleaning. Operational tasks are subdivided and standardized to enable targeted training of flexible workers, allowing them to achieve operational readiness within a short period. Each new employee is assigned a mentor responsible for training, guidance, and assessment to ensure work quality. Furthermore, we conduct training to improve production efficiency and reduce error rates, supported by benchmarking against operational indicators, such as, packaging units per labor hour. All employees are assigned specific performance metrics, including output and rework rates, with monthly recognition of outstanding employees and data indicator tracking to reinforce performance management; (c) ***Utility costs.*** To reduce utility costs, we upgraded to high-efficiency equipment and implemented measures, such as, monthly reviews of energy consumption and equipment utilization, installation of solar energy storage to balance peak and off-peak electricity usage, adoption of automation and artificial intelligence to replace repetitive manual tasks, and simplification of redundant production steps. In addition, we use intelligent monitoring systems to track electricity, water and gas consumption, and has introduced energy-saving measures, including heat recovery devices for the hot water system, reducing natural gas consumption by approximately 200,000 cubic meters annually, together with reclaimed water systems capable of treating over 200,000 m^3 per year to lower tap water usage.

As we adopted measures to enhance cost efficiency and achieve economies of scale, the total of material costs and utilities costs among cost of sales as a percentage of revenue decreased since 2023, from 55.9% in 2023 to 50.5% in 2024, and further to 49.8% in 2025. Specifically, depreciation and amortization allocated to cost of sales as a percentage of revenue decreased from 35.7% in 2023 to 29.1% in 2024, and remained low at 30.1% in 2025. Labor costs allocated to cost of sales as a percentage of revenue decreased from 30.6% in 2023, further to 27.2% in 2024, and to 25.3% in 2025.

As orders for packaging products continue to grow and as our in-house production lines ramp up, we expect production line utilization to further improve, driving additional reductions in depreciation and expanding product profitability.

C. IMPROVING OPERATING EFFICIENCY

In terms of operating expenses, we intend to efficiently manage expenses as a percentage of our total revenues and expect margin improvements from economies of scale and enhanced operating efficiency. In particular: (i) ***Selling and distribution expenses.*** Selling and distribution expenses as a percentage of revenue decreased from 1.8% in 2023 to 1.2% in 2024, and remained relatively low at 1.2% in 2025. We expect to maintain continual improvement of marketing efficiency, benefiting from our positive market image, solid industry reputation and diverse product offerings. In particular, we established brand name and recognition of our advanced packaging products in end-customer applications help reduce promotion expenses and the expenses in new customer acquisition. Additionally, we expect dedicated sales team will bring us more sales with robust sales and distribution network. Investments in sales and marketing enhance the our ability to understand customer and market demands more effectively, the information of which is communicated back to the R&D team, allowing us to make research efforts more targeted and fostering a strong synergy between sales and R&D; (ii) ***Administrative expenses.*** Administrative expenses as a percentage of revenue decreased from 10.5% in 2023 to 7.5% in 2024, and increased to 11.6% in 2025, primarily due to increase in equity-settled share-based payment expense. We expect more effective management of administrative expenses through the optimization of team structure, which includes introducing budgeting protocols, conducting regular financial audits and fostering a cost-conscious culture. We also leverage advanced technology, including integrated CRM and supply chain management systems, as well as artificial intelligence technologies for predictive analytics and process optimization; (iii) ***R&D Expenses.*** R&D efficiency improved significantly during the Track Record Period. During the Track Record Period, the R&D expenses as a percentage of revenue improved from 15.1% in 2023, to 11.3% in 2024, and remained relatively low from 8.5% in 2025. We expect these trends to continue, as: (a) it strives to develop and optimize R&D technologies to improve R&D efficiency, leveraging on CAPiC platform to focus R&D in future cutting-edge packaging know-how and facilitate collaboration with renowned universities to innovate advanced packaging technologies; and (b) R&D team was well-established and expected to remain stable in the near future.

Based on the foregoing, we expect to achieve a better operating efficiency with control over its operating expenses.

In summary, the loss for the period incurred during the Track Record Period reflect our strategic focus on business growth, technological enhancement and the expansion of product portfolio, all of which pave the way for long-term profitability. As our technologies mature and product offering continues to expand, we are poised to meet the diverse needs of its customers and drive further revenue growth. Moreover, with the growing economies of scale and ongoing improvements in operating efficiency, we anticipate improvements in margins that will underpin its long-term sustained profitability. Based on the foregoing, the Directors are of the view that we have a sustainable business.

The foregoing forward-looking statements are based on numerous assumptions regarding the our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

U.S. EXPORT CONTROL IMPLICATIONS

Under the U.S. Export Administration Regulations (EAR), a license, license exception or authorization from the U.S. Department of Commerce, Bureau of Industry and Security (BIS) is required for the export, re-export or in-country transfer of any items subject to the EAR. Items subject to the EAR include not just U.S.-origin items or items made in the U.S., but also certain items made outside the U.S., that incorporate more than a de minimis amount of U.S.-origin controlled content or that are produced abroad using controlled U.S. software, technology or items. Violating export controls can lead to lengthy investigations, severe penalties, as well as the risks of being sanctioned or placed on any restricted party lists which could exclude the company from the global supply chain, or otherwise limit the company's ability to engage with the global market, thereby severely impacting its operations and overall market competitiveness.

As advised by our International Sanctions and Export Control Legal Advisors, in recent years, the U.S. government has implemented extensive semiconductor related export controls, targeting China, to maintain the U.S.'s technological superiority in this industry and to address perceived national security concerns arising from China's access to the U.S.'s advanced semiconductor technologies and manufacturing capabilities. Export control violation risks could arise were we to export, re-export or transfer (in-country) items subject to the EAR without complying with the applicable license requirements, or otherwise service any item subject to the EAR where we had the knowledge that a violation of the EAR had occurred, was about to occur or was intended to occur in relation to that item. A significant number of Chinese companies have also been placed on the Entity List maintained by the BIS, which means that any applications to export, re-export or transfer (in-country) items subject to the EAR to these parties would in principle be denied by the BIS. In this regard, based on the review of our International Sanctions and Export Control Legal Advisors, of the suppliers and customers with which our Group had dealings during the Track Record Period and up to the Latest Practicable Date: (a) six of our customers, with which we had dealings during the Track Record Period; (b) six of our suppliers, with which we had dealings during the Track Record Period (three of which were also the suppliers of Yangzhou Chiplet during the Track Record Period); and (c) one supplier of Yangzhou Chiplet, with which Yangzhou Chiplet had dealings during the Track Record Period, have been placed on the Entity List maintained by the BIS.

Implementing and maintaining an effective global trade compliance programme is and will continue to be of critical importance to our business. Notwithstanding the above, as also advised by our International Sanctions and Export Control Legal Advisors, the risks of our Group potentially violating U.S. export controls (which, if any, would primarily arise from the Company's activities) were not material during the Track Record Period, which have remained substantially the same up to the Latest Practicable Date, considering that:

(a) our suppliers were able to confirm that none of the technology or items sourced and used by us in the production of our packaging materials or in our servicing of our customers' products was subject to U.S. export controls;

(b) an overwhelming majority, specifically approximately 92.4% (by number) and 94.6% (by revenue), of our customers were based in the PRC;

(c) while we do not have complete visibility into the origins of our customer's products, to our knowledge, at least 90% of the products of our customers, which we were instructed to service, were made entirely domestically in the PRC;

(d) we were not aware of any indication that our customers' products which we were instructed to service incorporated any U.S.-origin items or technology or were otherwise subject to U.S. export controls;

(e) we were not aware of any facts that would give rise to any actual or inferred knowledge that any of our customers' products were exported, re-exported or transferred (in-country) in violation of the EAR;

(f) specifically in relation to the certain suppliers and customers that have been placed on the Entity List (as above) during the Track Record Period:

a. of the six of our customers who have been listed, with which we had dealings during the Track Record Period, only five were placed on the Entity List prior to or at the time of each relevant transaction. In addition, we were not aware of any indication that the products which we were instructed to service incorporated any U.S.-origin items or technology or were otherwise subject to U.S. export controls. Accordingly, it is unlikely that the fact that these customers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these customers. Revenue generated from transactions with these six customers accounted for only approximately 0.244% of our Group's total revenue, during the Track Record Period;

b. of the six of our suppliers who have been listed, with which we had dealings during the Track Record Period, none were placed on the Entity List prior to or at the time of each relevant sourcing arrangement. In addition, all of our suppliers had confirmed that none of the technology supplied for use by us in our business activities was subject to U.S. export controls. Accordingly, it is unlikely that the fact that these suppliers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these suppliers. In terms of quantum, the amounts paid by us to these six suppliers accounted for approximately 7.78% of the amounts paid by the Group to its suppliers during the Track Record Period;

c. of the four suppliers of Yangzhou Chiplet who have been listed, with which Yangzhou Chiplet had dealings during the Track Record Period, only three were placed on the Entity List prior to or at the time of each relevant sourcing arrangement. To our knowledge, none of the items, equipment and technology supplied by these suppliers to Yangzhou Chiplet was subject to U.S. export controls. Accordingly, as above, it is unlikely that the fact that these suppliers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these suppliers. In terms of quantum, the payments made by Yangzhou Chiplet to these four suppliers amounted for only approximately 1.51% of the amounts paid by the Group to its suppliers during the Track Record Period; and

(g) based on the party screening undertaken by the International Sanctions and Export Control Legal Advisors, none of the Group's suppliers or customers has been designated as sanctioned persons under any sanctions laws.

For completeness, during a very brief period between September 29, 2025 and November 10, 2025, when the BIS' 'Affiliates Rule' was in effect, entities 50% or more owned by entities listed on the Entity List were also treated as designated as entities on the Entity List, and any application for licenses to export, re-export or in-country transfer items subject to U.S. export controls to them would also in principle be denied by the BIS. Based on the screening undertaken by the International Sanctions and Export Control Legal Advisors, certain customers with which we engaged in transactions during this period were potentially identified to be 50% or more owned by entities on the Entity List pursuant to the Affiliates Rule. However, to our knowledge, none of these customers' products which we were instructed to service in the PRC was subject to any export controls (including U.S. export controls). Accordingly, it is unlikely that the fact that these customers might be treated as restricted parties during that period would have any bearing on the

legality of the underlying transactions. The Affiliates Rule has since been suspended for a year effective from November 10, 2025. Therefore, despite the enactment of the Affiliates Rule and its suspension, the Company does not expect this change in policy to have a material impact on the business or operations of our Group even if the suspension were to be lifted, assuming there are no material changes to the Affiliates Rule and its implementation in the meantime.

For the same reasons, the continued tightening of export controls of the U.S.'s advanced semiconductor technologies and manufacturing capabilities is not likely to have a material adverse impact on our business operations, assuming that we will continue to adopt the business model adopted in the Track Record Period. We remain well-positioned to continue serving our customers relying on our domestic supply chain and operations and anticipate being able to continue expanding our local operations in the PRC without significant challenges.

Notwithstanding the above, given the broadened use of export controls and designations by the BIS of Chinese companies on its restricted party lists including the Entity List, our International Sanctions and Export Control Legal Advisors have advised that we continue to enhance our compliance measures to enable us to know not just our customers but also their products which we are instructed to service, so as to mitigate the risks of inadvertently violating applicable sanctions and export controls. In particular: (a) We have introduced the following enhanced measures since October 2025, including: (i) creating a dedicated compliance function within our legal department to oversee our Group's compliance with all applicable sanctions and export controls, including in relation to its sales and procurement activities; (ii) implementing mechanisms to identify any sanctions and restricted party risks arising from our Group's third party relationships and business activities, including introducing internal capabilities to screen our Group's customers and suppliers; and (iii) instructing external trade compliance and internal control advisers to provide guidance to our Group in developing and introducing global trade compliance policies and guidance so as to raise employee awareness at a Group-wide level; and (b) We are also considering to implement other measures to strengthen our trade compliance capabilities, including: (i) providing regular training to relevant personnel on sanctions and export controls compliance obligations; (ii) implementing mechanisms to identify any export control risks arising from the products that our Group is instructed to service, including introducing internal product classification capabilities; and (iii) strengthening and mandating the incorporation of standard terms and conditions in our Group's contracts with customers and suppliers.