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Application Proof of
Shenzhen CVA Innovation Co., Ltd.
深圳曦華科技股份有限公司

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

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Shenzhen CVA Innovation Co., Ltd.

深圳曦華科技股份有限公司

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

[REDACTED]

Total number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] and subject to [REDACTED])
Nominal value [REDACTED] : RMB[0.10] per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED] and [REDACTED]

ABCI 農銀國際

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Pursuant to the termination provisions contained in the [REDACTED] in respect of the [REDACTED], the [REDACTED] on behalf of the [REDACTED], have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the [REDACTED] pursuant to the [REDACTED] at any time prior to 8:00 a.m. on the [REDACTED]. Further details of the terms of the termination provisions are set out in the section headed “[REDACTED].” It is important that you refer to that section for further details.

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Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high [REDACTED] risks including risks of [REDACTED] volatility and inflated valuation due to the difficulty in valuing such companies. [REDACTED] should fully understand the [REDACTED] risks of a Specialist Technology Company and the risks disclosed by our Company before making their [REDACTED] decisions.

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to [REDACTED] in the [REDACTED]. In particular, we are a specialist technology company seeking to [REDACTED] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule [REDACTED], [REDACTED] of the Listing Rules. There are unique challenges, risks and uncertainties associated with [REDACTED] in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had net cash used in operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your [REDACTED] decision should be made in light of these considerations.

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully in full before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a provider of edge AI chip products. Our display chip products mainly comprise AI Scaler and scaler touch and display driver integration chips (“STDI chips”); our sensing-control chip products mainly comprise touch microcontroller units (“TMCUs”), general-purpose microcontroller units (“MCUs”), touch integrated circuits (“touch ICs”) and smart cockpit control units (“SCCU”). Our products have been adopted by various mainstream automotive OEMs through their Tier 1 suppliers, and leading consumer electronics brands through electronic system integrators and solution providers globally. Our mass-produced chip portfolio addresses diverse customer needs across consumer electronics, automotive industry and emerging markets such as embodied intelligence.

We have competitive R&D capabilities, established mass production experience and sound technological strengths, with solid expertise in image and video processing, sensing, SoC design and automotive-grade product development. Building on our edge AI advantages in display, sensing and control, we empower innovation in smart devices worldwide. Scaler chips are image processing chips that are widely applied in smartphone displays and automotive cockpit displays. We developed the world’s first application-specific integrated circuit (“ASIC”) based scaler, AI Scaler, according to the F&S Report, and command key technologies in visually lossless compression, image quality enhancement and high-speed interface transmission. Leveraging our presence in the smartphone display application market, our AI Scaler has achieved solid market share growth to become a leading product. In 2025, our shipment volume of AI Scaler was approximately 47 million units. According to the F&S Report, we ranked first globally in the scaler industry and the ASIC scaler industry, in each case as measured by shipment volume, in 2025. The global ASIC scaler market represents a specialized subset of the global scaler market, which is itself a segment of the overarching global display chips market. According to the same source, our latest automotive-grade TMCU maintains a leading position in specifications and performance for sensing and control in China. Benefiting from their sensing accuracy and anti-interference performance, our TMCUs have been deployed in a large number of mass-produced vehicle models of mainstream automotive OEMs and have been recognized in the global automotive industry.

SUMMARY

OUR PRODUCTS

Edge AI chip products encompass an integrated stack of specialized processors that enable AI inference to be performed on-device near the sensor or display, delivering low latency, enhanced privacy and offline reliability. We currently offer a comprehensive portfolio of edge AI chip products, primarily comprising (1) display chip products, mainly including AI Scaler and STDI chips; and (2) sensing-control chip products, mainly including TMCUs, general-purpose MCUs, touch ICs and SCCUs. The following table sets forth a breakdown of our revenue by product category for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						
Display chip products:						
– AI Scaler	134,493	89.6	235,629	96.5	250,436	72.3
– STDI chips	–	–	434	0.2	12,920	3.7
– Others ⁽¹⁾	–	–	1,560	0.6	840	0.3
Subtotal	134,493	89.6	237,623	97.4	264,196	76.3
Sensing-control chip products:						
– TMCUs	–	–	19	0.0	3,177	0.9
– General-purpose MCUs	1,734	1.2	3,044	1.2	5,350	1.5
– Touch ICs	13,885	9.2	3,384	1.4	2,969	0.9
– SCCUs	–	–	–	–	70,667	20.4
Subtotal	15,619	10.4	6,448	2.6	82,163	23.7
Total	150,112	100.0	244,071	100.0	346,359	100.0

(1) Primarily included provision of technical services relating to our display chip products.

The following table sets forth a breakdown of our sales volume and average selling price (“ASP”) for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
(Sales volume in thousand units and RMB per unit for ASP)						
Display chip products	16,035.7	8.4	37,002.4	6.4	48,341.5	5.5
– AI Scaler	16,035.7	8.4	36,980.6	6.4	46,950.3	5.3
– STDI chips	–	–	21.8	20.0	1,391.2	9.3
Sensing-control chip products	11,917.2	1.3	5,645.8	1.1	6,055.2	13.6
– TMCUs	–	–	3.6	5.4	581.9	5.5
– General-purpose MCUs	320.3	5.4	427.8	7.1	711.4	7.5
– Touch ICs	11,597.0	1.2	5,214.4	0.6	4,487.7	0.7
– SCCUs	–	–	–	–	274.3	257.6

SUMMARY

Our Products Portfolio

Display Chip Products

AI Scaler. Scaler chips are a specialized image signal processing chip designed to perform tasks that transform input image into a vibrant, balanced image optimized for the display panel. Our proprietary AI Scaler integrates ASIC-architecture and scaler image processing algorithms, and can perform real-time visual lossless compression and decompression, resolution conversion, local dimming and picture quality enhancement on end devices. It can intelligently adjust display parameters according to image content, achieving higher display quality and energy efficiency. Compatible with multiple operating systems, proprietary image algorithms and IP, it provides support for multiple standards, high resolution and display stream compression decoding (“DSC decoding”) and high frame-rate conversion.

STDI chips. Touch and display driver integration (“TDDI”) chips integrate both display driving and touch sensing functions into a single chip, significantly enhancing the level of system integration. Our STDI chips integrate the function of extra scaler and TDDI into a single chip. Designed for smartphones, tablets and other smart terminals, our STDI chips deliver high integration, compact design and superior display performance. Our STDI chips adopt an architecture that integrates image processing, video encoding and decoding, high-speed interface conversion, display driving and touch sensing into one chip. This all-in-one design reduces system complexity and costs, saves board space and improves power efficiency while maintaining premium visual quality.

Sensing-Control Chip Products

TMCUs. Our TMCU integrates a touch feature into an automotive-grade MCU, targeting various human-machine interaction applications widely used in the vehicle such as steering wheel, HoD, door handle, ambient light, air conditioner control and kick sensor. Leveraging our proprietary sensor fusion technology, our TMCU series achieves competitive sensing performance and robust MCU platform with rich peripherals and control outputs. Our TMCU has obtained ASIL-B functional safety certification and meets high reliability standards of the automotive industry.

General-purpose MCUs. We offer series of 32-bit automotive-grade general-purpose MCUs based on the ARM® Cortex®-M architecture, including Cortex-M4F and Cortex-M0+ cores, and are developing MCUs based on the fifth generation Reduced Instruction Set Computing (“RISC-V”) structure. Our CVM014x series is suited for applications such as car body control modules, such as lighting control modules and powered tailgate systems, where responsiveness, coordination and reliability are critical. Our CVM011x series enables efficient implementation of distributed body control functions in systems with tight cost and space constraints. Both series integrate rich peripheral interfaces and multi-level power management, enabling flexible system configuration across different performance tiers.

Touch ICs. Our touch ICs, based on high-precision capacitive sensing technology, enable a variety of human-machine interactions, including single or multi-point touch, sliding gestures and pressure sensing. Leveraging technical advantages such as ultra-low power consumption, high signal-to-noise ratio, high reliability and waterproof/sweatproof capabilities, our touch ICs are widely used in TWS earbuds, smart glasses, display panel, smart home devices and other smart terminals. We have commenced large-scale shipments to leading global consumer electronics brands, with cumulative shipment volume of our touch ICs exceeding 22.4 million units as of December 31, 2025.

SCCUs. Our SCCUs are based on a high-performance cockpit computing platform, combined with our chips, such as general-purpose MCUs and audio drivers, and other third-party chips, such as computing chips and display chips, enabling deep coordination between hardware and software. In a typical cockpit system, except for the autonomous driving computing chip, we are able to independently develop and highly integrate all key control chips and underlying drivers. Through purpose-built operating system and application software, our SCCUs enhance user experience, safety and efficiency via multi-display interaction, voice control, audio interaction capabilities with the AI voice assistant, 360° surround-view systems and navigation, smart visual recognition of driver identity, and driver monitoring system.

SUMMARY

OUR BUSINESS MODEL

We operate under a fabless business model, concentrating our resources on the design and development of high-performance edge AI chip products. We outsource all manufacturing processes, including wafer fabrication and chip packaging and testing, to our third-party business partners. By concentrating our resources on product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our product offerings. According to the F&S Report, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D. We have adopted a transaction-based model for the sales of our products.

The following diagram illustrates our fabless business model.



OUR BUSINESS AND FINANCIAL PERFORMANCE

During the Track Record Period, we achieved robust revenue growth. In 2023, 2024 and 2025, our revenue increased from RMB150.1 million in 2023 to RMB244.1 million in 2024, and further to RMB346.4 million in 2025, at a CAGR of 51.9% from 2023 to 2025. According to the F&S Report, our revenue generated from AI Scaler ranked first in China for four consecutive years since 2022.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (1) technology-leading edge AI chip products company; (2) fast commercialization with steady revenue growth; (3) category leader driven by product advantages; (4) strong proprietary IP portfolio; and (5) visionary and seasoned management team. See “Business—Our Competitive Strengths.”

OUR GROWTH STRATEGIES

We intend to continue to grow our business through the following key strategies and achieve our mission: (1) continue expanding product portfolio and application scenarios; (2) strengthen advanced technology R&D to reinforce leadership; (3) enhance manufacturing capability through vertical integration; and (4) further strengthen market presence. See “Business—Our Growth Strategies.”

OUR RESEARCH AND DEVELOPMENT

Leveraging the underlying common edge AI technologies in display and sensing and control, we are at the forefront of the transformation in the edge AI chips and solutions industry. See “Business—Overview—Our Core Technology Ecosystem and R&D Capabilities.”

Through years of R&D efforts, we have built extensive expertise in the field of edge AI chips and solutions industry, with a particular focus on display, and sensing and control applications. We continuously expand our product portfolio, updating existing products and introducing cost-effective new products to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry. See “Business—Research and Development.”

SPECIALIST TECHNOLOGY INDUSTRY

Our industry consultant confirms and our Directors are of the view that our [REDACTED] fall within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers during the Track Record Period primarily include direct sales customers in relevant downstream sectors, in particular Tier 1 suppliers in the automotive industry and electronic system integrators and solution providers in the consumer electronics industry, as well as distributors. Our products are distributed to Tier 2 suppliers in the automotive industry primarily through our distributors. In 2023, 2024 and 2025, revenue generated from our top five customers for each period during the Track Record Period accounted for 78.6%, 88.8% and 78.3% of our total revenue of such period, respectively. Additionally, we are exposed to concentration with our single largest customer. Revenue generated from our largest customer for each period during the Track Record Period accounted for 57.9%, 66.5% and 33.1% of our total revenue in the same periods, respectively. During the Track Record Period, we primarily provided display chips to our five largest customers in each year. We typically settle payments with our top five customers by bank transfer. See “Business—Customers—Our Relationship with Customer A.”

Our Suppliers

Our suppliers primarily consist of (1) wafer foundries and (2) packaging and testing service providers. In 2023, 2024 and 2025, purchases from our top five suppliers for each period during the Track Record Period accounted for 83.7%, 83.6% and 69.1% of our total purchase amount of such period, respectively. Additionally, we are exposed to concentration with our single largest supplier. The purchase from our largest supplier for each period during the Track Record Period accounted for 49.4%, 65.6% and 32.6% of our total purchase amount in the same periods, respectively. We typically settle payments with our top five suppliers by bank transfer. See “Business—Suppliers—Major Suppliers.”

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. We have taken the following key measures to protect our intellectual property rights, including (1) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (2) timely registration, filing and application for the ownership of our intellectual properties, (3) timely report to the management upon identification of infringement of our intellectual property rights by third parties, (4) providing trainings to enhance employees’ intellectual property right awareness and to ensure our intellectual property protection measures’ long-term effectiveness, and (5) stipulating and emphasizing the ownership and protection of intellectual properties in the employment agreements and employee handbook.

As of December 31, 2025, we had 166 granted patents, which was comprised of 124 invention patents, 42 utility model patents and 150 patent applications which were pending approval. As of the same date, we had 38 software copyrights and 35 registered trademarks. We have not in-licensed any material intellectual property rights. For our material intellectual property rights, see “Business—Intellectual Property Rights.”

SUMMARY

RISK FACTORS

Our business and operations involve certain risks and uncertainties including those set out in the “Risk Factors” section in this document. Some of the major risk factors that we face include: (1) failure to keep up with the constantly evolving and developing industries; (2) failure to compete with our competitors; (3) the macrocondition of semiconductor industry; (4) failure to meet new industry and regulatory standards or requirements; (5) our dependency on a small number of customers for a substantial portion of our business; (6) limited commercialization record; (7) failure to implement our growth strategies or manage our growth effectively; (8) dependency on the continuing efforts of our management team and our ability to attract, train, and retain competent talent, especially talent on R&D; (9) supplier concentration risk; and (10) third parties claim about infringe upon their intellectual property rights. As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should carefully read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our H Shares.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss items for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
(RMB in thousands, except for percentages)						
Revenue	150,112	100.0	244,071	100.0	346,359	100.0
Cost of sales	(117,851)	(78.5)	(174,750)	(71.6)	(273,673)	(79.0)
Gross profit	32,261	21.5	69,321	28.4	72,686	21.0
Loss before tax	(153,421)	(102.2)	(80,521)	(33.0)	(94,447)	(27.3)
Income tax expense	–	–	(299)	(0.1)	(99)	(0.0)
Loss for the year	(153,421)	(102.2)	(80,820)	(33.1)	(94,546)	(27.3)

For details of the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investment, see Note 32 to the Accountants’ Report in Appendix I to this document.

Non-IFRS Measures

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

SUMMARY

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for (1) equity-settled share-based payments, and (2) [REDACTED]. Equity-settled share-based payments are non-cash expenses arising from share incentives granted to employees and consultants. [REDACTED] are expenses in relation to the [REDACTED]. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year which is presented in accordance with the IFRSs.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(153,421)	(80,820)	(94,546)
Add: equity-settled share-based payment expenses	24,191	12,085	31,313
Add: [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (non-IFRS measure)	(129,230)	(68,735)	(51,070)

Our loss for the year decreased from RMB153.4 million in 2023 to RMB80.8 million in 2024, primarily due to an increase in our revenue from AI Scaler, and a decrease in research and development expenses, mainly as a result of our strategy in discontinuing a research and development project line. Our loss for the year increased from RMB80.8 million in 2024 to RMB94.5 million in 2025, primarily due to an increase in equity-settled share-based payment expenses, and an increase in administrative expenses, mainly as a result of the [REDACTED] in relation to the [REDACTED] of RMB[REDACTED] million.

Summary of Consolidated Statements of Balance Sheet

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	58,348	29,075	54,299
Total current assets	292,403	283,411	405,548
Total current liabilities	77,612	110,543	177,146
Net current assets	214,791	172,868	228,402
Total assets less current liabilities	273,139	201,943	282,701
Total non-current liabilities	5,158	1,697	10,937
Net assets	267,981	200,246	271,764

For details of the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investment, see Note 32 to the Accountants’ Report in Appendix I to this document.

Our net assets decreased from RMB268.0 million as of December 31, 2023 to RMB200.2 million as of December 31, 2024, primarily due to our loss for the year of RMB80.8 million. Our net assets then increased to RMB271.8 million as of December 31, 2025, primarily due to issue of ordinary shares of RMB131.8 million, partially offset by our loss for the year of RMB94.5 million.

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(121,756)	(74,908)	(149,353)
Net cash flows (used in)/from investing activities	(127,907)	(18,764)	127,639
Net cash generated from financing activities ..	275,427	43,641	181,018
Cash and cash equivalent at beginning of the year	61,437	87,675	37,615
Cash and cash equivalent at end of year	87,675	37,615	196,533

We recorded net cash outflows from operating activities throughout the Track Record Period, primarily because (1) we are still at the relatively early stage of the commercialization of certain of our major products; and (2) we are in the stage of expanding our business and operations in the rapidly growing edge AI chips and solutions industry and are continuously investing in R&D.

We expect that our measures to improve profitability will enhance our operating cash flow condition over time. For details, see “Business—Path to Profitability.” In addition, we plan to continuously improve our net operating cash outflow position by (1) expanding our high-margin businesses, including our AI Scaler and TMCUs, and (2) using strategic R&D investment and optimizing supply chain to reduce costs and strengthen product competitiveness.

Key Financial Ratios

The following table sets forth our key financial ratios for the years or as of the dates indicated.

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	21.5%	28.4%	21.0%
Current ratio ⁽²⁾	3.8	2.6	2.3
Quick ratio ⁽³⁾	3.2	2.1	1.6

(1) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(2) The calculation of current ratio is based on current assets divided by current liabilities as of year end.

(3) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year end.

SUMMARY

Share Capital and Paid-in Capital

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	(RMB in thousands)
As of January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each (<i>note c</i>)	9,715	9,715
Issue of ordinary shares (<i>note a</i>)	437	437
As of December 31, 2025	10,152	10,152

Paid-in capital

	Registered and paid-in capital
	(RMB in thousands)
As of January 1, 2023	6,939
Capital contribution by shareholders (<i>note b</i>)	2,776
As of December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	9,715
Conversion into a joint stock company (<i>note c</i>)	(9,715)
As of December 31, 2025	—

Notes:

- (a) Pursuant to the approval in the shareholders’ meeting in 2025, 437,000 shares of RMB1.00 each were issued to certain investors at a total consideration of RMB131,771,000, which has been fully paid during the year ended December 31, 2025. The capital contribution has increased the share capital and capital reserve by RMB437,000 and RMB131,334,000, respectively.
- (b) Pursuant to the approval in the shareholders’ meeting in 2023, the registered capital of our Company was increased from RMB6,939,000 to RMB9,715,000. The increase in registered capital of RMB2,776,000 was subscribed by certain investors, including certain directors of our Company, at a total consideration of RMB288,307,000, which has been fully paid during the year ended December 31, 2023. The capital contributions has increased the paid-in capital and capital reserve by RMB2,776,000 and RMB285,531,000, respectively.
- (c) Pursuant to the approval in the shareholders’ meeting held in October 2025, our Company was converted from a limited liability company into a joint stock limited company on November 5, 2025. Upon conversion, the net assets of our Company as of August 31, 2025 were capitalised into 9,715,000 ordinary shares with a nominal value of RMB1.00 each, which were allotted to the existing shareholders in proportion to their respective interests prior to the conversion. The excess of net assets value as of August 31, 2025 over the nominal value of the share capital was recorded as capital reserve of our Company.

For further details, see “Financial Information—Discussion of Major Items In the Consolidated Statements of Financial Position—Share Capital and Paid-in Capital.”

SUMMARY

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands) (Unaudited)		
Research and development expenses	30,798	14,863	21,437
Workforce employment	110,082	121,110	94,478
Direct production costs	152,943	203,506	406,378
Product marketing	18,172	13,917	23,832
Non-income taxes, royalties and other governmental charges	1,620	3,356	4,532
Contingency allowances	—	—	—

Our future cash operating costs will continue to increase, primarily related to direct production costs. We anticipate an increase in such costs in line with the expected growth in sales volume of our display chips and sensing-control chips, driven by continued technological iteration and advancement across the electronics industry. We do not expect any material increase in overall costs or expenses relative to our revenue growth in 2026 and 2027.

THE GROUP OF OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Chen and Ms. Wang, the spouse of Mr. Chen, collectively controlled 61.29% of the voting power at the general meetings of our Company, comprising (i) 16.28% beneficially owned by Mr. Chen directly, (ii) 14.13% beneficially owned by Ms. Wang directly, and (iii) 21.82%, 7.54%, 1.51% and 0.02% beneficially owned by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, respectively. The general partner of each of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform is Xichuang Technology, which is wholly owned by Mr. Chen and Ms. Wang. Upon the [REDACTED], Mr. Chen and Ms. Wang will collectively control [REDACTED]% of the voting power at the general meetings of our Company through the aforementioned interests, assuming the [REDACTED] is not exercised. Therefore, Mr. Chen and Ms. Wang, together with Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform and Xichuang Technology, were the group of our Controlling Shareholders as of the Latest Practicable Date and will be the group of our Controlling Shareholders upon the [REDACTED]. For further details, see “Relationship with our Controlling Shareholders.”

PRE-[REDACTED] INVESTMENTS

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of pre-[REDACTED] Investments since the incorporation of our Company. See “History and Corporate Structure—Pre-[REDACTED] Investments” for details of the principal terms of our pre-[REDACTED] investments and the identity and background of our Pre-[REDACTED] Investors.

In connection with the pre-[REDACTED] investments, pursuant to the shareholders’ agreement entered into by our Company and the then Shareholders dated November 9, 2023, our Pre-[REDACTED] Investors were granted certain special rights (the “Special Rights”) by our Company, including, among others, pre-emptive right, right of first refusal, right of co-sale, redemption right, information right, anti-dilution right, and liquidation preference. In anticipation of the [REDACTED], all such Special Rights granted to our Pre-[REDACTED] Investors shall be terminated in compliance with Chapter 4.2 of the Guide. No Pre-[REDACTED] Investors had exercised their redemption rights during the Track Record Period. For details, please refer to note 32 of the Accountants’ Report.

SUMMARY

In particular, on October 13, 2025, our Company and all of the Shareholders (including the Pre-[REDACTED] Investors subsequently entered into supplemental agreements (the “Supplemental Agreements”), pursuant to which certain of the Special Rights granted by our Company to the Pre-[REDACTED] Investors, including redemption rights, were irrecoverably terminated and shall be *void ab initio*. Taking into account the legal and regulatory framework of our Company’s jurisdiction and the governing law of the Supplemental Agreements, the Directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Track Record Period.

Had the redemption rights and liquidation preferences rights granted by our Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements, (i) the redemption financial liabilities, total current liabilities, net liabilities and net current liabilities would have been:

	As of December 31,	
	2023	2024
	(RMB in thousands)	
Redemption financial liabilities	606,923	651,629
Total current liabilities	684,535	762,172
Net liabilities	338,942	451,383
Net current liabilities	392,132	478,761

and (ii) the finance costs associated with the redemption financial liabilities, and the net loss for each of the Track Record Period, would have been:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands except for per share value)		
Financial costs associated with the redemption financial liabilities	(33,584)	(44,706)	(29,682)
Total net loss	(187,005)	(125,526)	(124,228)
Basic and dilutive loss per share (RMB)	(22.69)	(12.92)	(12.79)

DIVIDENDS

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached 50% or more of our registered capital. As of the Latest Practicable Date, we did not have a formal dividend policy. No dividend has been paid or declared by us during the Track Record Period. We did not have a pre-determined dividend payout ratio as of the Latest Practicable Date.

CSRC FILING

We submitted a filing to the CSRC for application of the [REDACTED] and the [REDACTED] on December 5, 2025 and received notice of completion of filing issued by the CSRC on [●].

SUMMARY

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business experienced sustained growth, and our sales volume has been on an upward trajectory. We expect certain decreases in revenue generated from display chip products and gross profit margin in 2026, together with a shift in product mix, primarily attributable to our strategic focus on the development chip products in relation to automotive industry. Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the end date of the periods reported in Appendix I to this document) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report in Appendix I to this document.

We expect to continue to incur loss in 2026, primarily because we are in the stage of expanding our business and operations in the rapidly growing edge AI chips and solutions industry and are continuously investing in R&D.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (1) the [REDACTED] has been completed and [REDACTED] H Shares are newly issued in the [REDACTED], (2) the [REDACTED] for the [REDACTED] is not exercised, and (3) [REDACTED] Unlisted Shares to be converted into H shares upon the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
	HK\$[REDACTED] million	HK\$[REDACTED] million
[REDACTED] ⁽¹⁾		
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾⁽³⁾	HK\$[REDACTED]	HK\$[REDACTED]

- (1) The calculation of [REDACTED] of our Shares is based on [REDACTED] H Shares converted from Unlisted Shares and [REDACTED] H Shares expected to be [REDACTED] immediately upon completion of the [REDACTED] (without taking into account H Shares that may be [REDACTED] upon the exercise of the [REDACTED]).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in Appendix II and on the basis of [REDACTED] Shares that are in issue, assuming the [REDACTED] have been completed on December 31, 2025 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED].
- (3) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2025. In particular, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company on the table as shown on above have not been adjusted to show the effect of the subscription of 290,410 ordinary shares (before the Share Subdivision) of the Company by certain investors for a consideration of RMB99,660,000. Had the subscription of RMB99,660,000 and the Share Subdivision have been completed on December 31, 2025, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company as of December 31, 2025 would have been increased by RMB99,660,000 (equivalent to HK\$114,512,000) and the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as of December 31, 2025 would be HK\$[REDACTED] and HK\$[REDACTED] based on the [REDACTED] of HK\$[REDACTED] per Share and HK\$[REDACTED] per Share, respectively.

SUMMARY

[REDACTED]

We recorded [REDACTED] of [REDACTED], [REDACTED] and RMB[REDACTED] million in 2023, 2024 and 2025, respectively. We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised), including (1) [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) sponsor fee and other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that the net [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED], will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), without the exercise of the [REDACTED].

We currently intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the enhancement of our R&D capabilities for advanced technologies and product iterations;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the establishment of an assembly facility;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used to enhance our global market presence and expand our international sales network;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

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

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Anhui Xihe”	Anhui Xihe Microelectronics Co., Ltd. (安徽曦合微電子有限公司), a wholly owned subsidiary of our Company
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the Board of Directors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public

[REDACTED]

“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Shenzhen CVA Innovation Co., Ltd. (深圳曦華科技股份有限公司), incorporated under the PRC laws on August 31, 2018 as a limited liability company and converted into a joint stock company on November 5, 2025.
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Chen, Ms. Wang, Xichuang Lekang LP, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform, Xichuang Leyuan Shareholding Platform and Xichuang Technology

DEFINITIONS

“Conversion of Unlisted Shares into H Shares”	the conversion of [REDACTED] Unlisted Shares into H Shares on a one-for-one basis upon the completion of the [REDACTED]. Such conversion of Unlisted Shares into H Shares had been approved by the CSRC on [●] and an application for H Shares to be [REDACTED] on the Stock Exchange has been made to the Listing Committee
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Employee Share Ownership Platform”	Xichuang Lekang LP, our employee share ownership platform

[REDACTED]

“Extreme Conditions”	Extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Frost & Sullivan”	Frost & Sullivan, a consulting firm that provides market research and analysis
“F&S Report”	a commissioned industry report prepared by Frost & Sullivan

[REDACTED]

“Group,” “our Group,” “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Guide”	Guide for New Listing Applicants issued by the Stock Exchange in December 2023, as amended from time to time
“H Share(s)”	overseas-listed foreign shares in the share capital of our Company with nominal value of RMB0.1 each (taking into account the Share Subdivision), which are to be [REDACTED] for and [REDACTED] in HK dollars and are to be [REDACTED] on the Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“HK\$” or “HK dollars”

Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

[REDACTED]

DEFINITIONS

[REDACTED]

“IAS”	International Accounting Standards
“IFRSs”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the International Accounting Standard Board
“independent third party(ies)”	person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected person(s) of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the UK, UN or Government of Australia and other competent government authorities
“International Sanctions Advisor”	Commerce & Finance Law Offices, our legal advisor as to International Sanctions laws in connection with the [REDACTED]

[REDACTED]

“Investment Shareholding Platforms”	our investment shareholding platforms, including Xichuang Lejia Shareholding Platform, Xichuang Leyuan Shareholding Platform and Xichuang Lexin Shareholding Platform

DEFINITIONS

“Latest Practicable Date” May 29, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“Main Board” the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange

“MIIT” Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

“MOF” Ministry of Finance of the PRC (中華人民共和國財政部)

“MOFCOM” Ministry of Commerce of the PRC (中華人民共和國商務部)

“Mr. Chen” Mr. Chen Xi (陳曦), our founder, executive Director, chairman of our Board, chief executive officer and a member of the group of our Controlling Shareholders

“Ms. Wang” Ms. Wang Hong (王鴻), the spouse of Mr. Chen and a member of the group of our Controlling Shareholders

“NDRC” the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

“Nomination Committee” the nomination committee of our Board

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“Pathfinder SII(s)”	has the meaning ascribed to it in Chapter 2.5 of the Guide
“PRC Legal Advisor”	AllBright Law Offices (Shenzhen), being the legal advisor of our Company as to the PRC laws
“Pre-[REDACTED] Investor(s)”	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed “History and Corporate Structure—Pre-[REDACTED] Investments” in this document

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Blue Whale”	Shanghai Shuimu Blue Whale Semiconductor Technology Co., Ltd. (上海水木藍鯨半導體技術有限公司), a wholly owned subsidiary of our Company

DEFINITIONS

“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB0.1 each (taking into account the Share Subdivision), comprising Unlisted Shares and H Shares
“Share Subdivision”	the subdivision of the Shares by our Company from one Share of RMB1.0 each into ten Shares of RMB0.1 each, which will become effective immediately prior to the [REDACTED]
“Shareholder(s)”	holder(s) of the Share(s)

[REDACTED]

“Sole Sponsor”	ABCI Capital Limited
“Sophisticated Independent Investor(s)” or “SII(s)”	has the meaning ascribed thereto under the Listing Rules

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Track Record Period”	the three years ended December 31, 2025

[REDACTED]

“Unlisted Shares”	ordinary Shares in the share capital of our Company with a nominal value of RMB0.1 each (taking into account the Share Subdivision), which are not currently [REDACTED] or [REDACTED] on any stock exchange
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$,” “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States

DEFINITIONS

“Xichuang Lekang LP”	Guangdong Xichuang Lekang Equity Investment Center (Limited Partnership) (廣東曦創樂康股權投資中心(有限合夥)), a limited partnership established under the PRC laws on October 23, 2018 and a member of the group of our Controlling Shareholders
“Xichuang Lejia Shareholding Platform”	Ningbo Xichuang Lejia Enterprise Management Partnership Enterprise (Limited Partnership) (寧波曦創樂嘉企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 7, 2022 and a member of the group of our Controlling Shareholders
“Xichuang Lexin Shareholding Platform”	Shanghai Xichuang Lexin Enterprise Management Partnership Enterprise (Limited Partnership) (上海曦創樂鑫企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 21, 2021 and a member of the group of our Controlling Shareholders
“Xichuang Leyuan Shareholding Platform”	Guangdong Xichuang Leyuan Equity Investment Center (Limited Partnership) (廣東曦創樂遠股權投資中心(有限合夥)), a limited liability partnership established under the laws of the PRC on October 23, 2018 and a member of the group of our Controlling Shareholders
“Xichuang Technology”	Shenzhen Xichuang Technology Co., Ltd (深圳曦創科技有限公司), a limited liability company incorporated under the laws of the PRC on April 2, 2020 and a member of the group of our Controlling Shareholders

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

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

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

This glossary contains certain technical terms used in this document in connection with our Company and our business. Such terms and their meanings may not correspond to standard industry definitions or usage.

“ADAS”	advanced driver assistance system, which is designed to assist drivers in the operation and safety of vehicles, by utilizing various sensors, cameras and software algorithms to provide additional functionalities and enhance the driving experience
“AEC-Q”	Automotive Electronic Council qualification standard, which is derived by AEC component technical committee to electrical components and their qualification requirement
“AEC-Q100”	AEC-Q100 standard, a set of rigorous requirements and tests that electronic components must pass to ensure their suitability for use in automotive applications. The AEC-Q100 standard is widely recognized and adopted in the automotive industry and is an important consideration in the design and manufacturing of electronic components for automotive applications
“AI”	artificial intelligence, which refers to the ability of a machine or computer system to perform tasks that typically require human intelligence
“AIoT”	artificial intelligence of things, a combination of AI and IoT
“AI Scaler”	our ASIC-based scaler
“AMOLED”	active matrix organic light emitting diode, a high-quality display technology known for being brighter, thinner and more power-efficient
“ARM®”	advanced RISC machine, a processor architecture based on the reduced instruction set, with low power consumption and high energy efficiency as its core goals. ARM® represents a registered trademark
“ASIC”	application-specific IC customized to the needs of a specific application
“ASIL”	automotive safety integrity level, a risk classification system defined by ISO 26262 and there are four ASIL levels identified by the standard, namely ASIL-A, ASIL-B, ASIL-C and ASIL-D, among which ASIL-D dictates the highest integrity requirements on the product and ASIL-A the lowest
“automotive-grade”	an automotive-grade chip refers to a chip that is specifically designed, manufactured and qualified to meet the stringent requirements and standards of the automotive industry (such as AEC-Q100)
“BOM”	bill of materials
“CAGR”	compound annual growth rate
“CPU”	central processing unit, an integrated circuit that serves as the computational and control core of an electronic product

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“DSC decoding”	display stream compression, a lossless display compression standard developed for reducing the bandwidth required to transmit high-resolution display data across interfaces
“EAL4+”	Evaluation Assurance Level, which ranks security evaluations on a scale from one to seven, with EAL4+ representing one of the highest levels achievable for commercial security solutions
“edge AI”	a technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as AIoT sensors, smartphones, industrial machines and other local computing devices
“EMC”	electromagnetic compatibility, the ability of electronic devices and systems to function properly in their electromagnetic environment without causing or experiencing interference
“EV”	electric vehicle, a vehicle that is powered entirely or primarily by electricity, typically using a battery and electric motor instead of an internal combustion engine
“fabless”	the development, design and sale of semiconductor chips while outsourcing their manufacturing to external parties
“FLASH”	flash memory, a type of non-volatile semiconductor memory IC, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written, and is considered a major category of memory product
“FPGA”	field-programmable gate array, a type of reconfigurable semiconductor device that can be programmed to perform different logic functions after manufacturing
“HoD”	hands-off detection
“Hz”	unit of frequency
“integrated circuit” or “IC”	integrated circuits, a set of electronic circuits on one small plate of semiconductor material
“ISO”	International Organization for Standardization, an international non-governmental organization that develops and publishes standards to ensure quality, safety and efficiency across various industries
“ISO 26262”	an international standard for automotive functional safety which applies to electrical and electronic systems consisting of hardware and software components
“L2”	level 2 of intelligent driving which can assist drivers in controlling speed and steering, such as help with stop-and-go traffic by maintaining the distance between the driver’s vehicle and the vehicle in front, and providing steering assist by centering the vehicle within the lane, while still requiring drivers to have hands on the wheel and be ready to take control at any given moment

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“L3”	level 3 of intelligent driving, or conditional automation, which allows vehicles to drive themselves, but only under ideal conditions and with limitations, such as limited-access divided highways at a certain speed and parking lots, where drivers are still required behind the wheel whereas their hands are off the wheel
“mass production”	A mass-produced solution refers to a solution that has passed development and validation processes, met customer acceptance standards, and is ready for large-scale delivery
“MCU”	microcontroller unit, a chip that integrates a microprocessor core, memory, and peripheral interfaces, which is typically used to control the operation of embedded systems and is widely used in electronic products
“Mini LED”	mini light-emitting diode, a type of display backlight technology that uses significantly smaller LED chips to provide finer local dimming, enabling higher brightness, improved contrast and enhanced HDR performance in advanced display panels
“Micro LED”	micro light-emitting diode, a next-generation self-emissive display technology in which microscopic LED arrays serve as individual pixels, offering ultra-high brightness, wide color gamut, fast response time and long lifespan while supporting seamless modular displays
“nF”	nanofarads, a unit of electrical capacitance, representing one billionth of a Farad (F)
“OEM”	original equipment manufacturing, where a manufacturer manufactures a product in accordance with the customer’s design and specifications and is marketed and sold under the customer’s brand name or under no specific brand
“OLED”	organic light-emitting diode, a type of display technology in which organic materials emit light directly to produce images, enabling thinner, lighter and high-contrast screens
“PCBA”	printed circuit board assembly, printed circuit board is a board with electronic circuits connecting various components
“PCT”	the Patent Cooperation Treaty, which is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. A patent application filed under the PCT is called an international application, or PCT application
“RISC-V”	the fifth generation Reduced Instruction Set Computing architecture that is an open, flexible, efficient and innovative general instruction set architecture

GLOSSARY

“R&D”	research and development
“SAR”	specific absorption rate, a measure of the amount of power deposited by a radiofrequency field in a certain mass of tissue
“scaler”	an image processing chip used for conversion of video format, resolution and refresh rate and image quality enhancement
“SCCU”	smart cockpit control units
“STDI”	Scaler TDDI
“SoC” or “system-on-chips”	programmable integrated circuit(s) that integrates central processing unit, memory interfaces, on-chip input/output devices, input/output interfaces and secondary storage interfaces
“sensor”	a device that measures or detects real-world conditions, such as capacitive sensing, pressure and temperature, and converts the conditions into analog or digital representations
“TDDI”	touch and display driver integration, a technology that combines touch functionality with the display driver in a single chip, simplifying the display structure and enhancing performance
“tape-out”	the completion of the final integrated circuit design before it is submitted to the foundry for manufacturing
“Tier 1 suppliers”	a company that supplies parts or systems directly to automotive OEMs. Other types of suppliers in the automotive industry include Tier 2 and Tier 3 suppliers. Tier 2 suppliers supply to Tier 1 suppliers. Tier 3 suppliers supply to Tier 2 suppliers
“TCU”	touch MCU
“TPIC”	touch-panel IC
“TWS”	true wireless stereo, a type of wireless audio technology that allows for the creation of a stereo sound system without any physical wires connecting the audio devices
“wafer”	a thin slice of semiconductor, used for the fabrication of ICs and other microelectronic devices

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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An [REDACTED] in our H Shares may involve significant risks. Potential [REDACTED] should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any [REDACTED] in our H Shares. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the [REDACTED] of our H Shares, and could cause you to lose all or part of your [REDACTED]. The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements.”

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (1) risks relating to our general operations and industry, (2) risks relating to the research and development and intellectual property rights of our products, (3) risks relating to our financial condition and need for additional capital, (4) risks relating to conducting business in jurisdictions where we operate, and (5) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

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

The industries that we operate in are characterized by constant changes, including rapid technological evolution, emergence of new industry and regulatory standards and practices, frequent introductions of new products and shifts in customer demands. Specifically, our products are currently primarily used in consumer electronics and automotive industry, and we are also expanding to emerging markets such as embodied intelligence. Technological advancement and new industry standards in these downstream industries, such as new structural demand for automotive-grade chips, may affect the needs of our customers, and we must develop new products or refine our technologies to match the different or additional requirements of these customers. As such, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development.

We have invested, and will continue to invest, significant resources to enhance our products and technologies. Nevertheless, given the fast pace with which our industry has been and will continue to develop, as well as the rapid development of the downstream sectors that our customers operate in, we may not be able to timely upgrade our products and technologies in an efficient and cost-effective manner, or at all. Despite our constant innovations, our products and the underlying technologies may become suboptimal, obsolete, inefficient, or otherwise unfavored by customers and market. We cannot assure you that these initiatives will ultimately meet market expectations and needs. For example, rapid technological shifts, such as the display industry’s transition towards highly integrated “in-cell” technology, previously rendered our standalone, single-function legacy touch ICs product out-of-date. This prompted our strategic discontinuation of such generation of touch ICs resulted in a decrease in revenue from our sensing-control chip products from RMB15.6 million in 2023 to RMB6.4 million in 2024. If we fail to accurately anticipate and respond to similar technological shifts in the future, our current or pipeline products could similarly face premature obsolescence and reduced market demand. Furthermore, during product transition periods, this may in turn adversely affect the market pricing of our products. As a result, our revenue, gross profit and gross profit margin may also be adversely affected. In

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addition, leading industry players continually upgrade their product portfolios, and we may not be able to match their achievements effectively. Any of the circumstances would render our existing technologies or products obsolete or unattractive and result in customer dissatisfaction. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The industry in which we operate is competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The edge AI chips and solutions industry in which we operate is competitive. We compete with other companies that focus on developing and commercializing edge AI chips and solutions. Some of our existing competitors have a longer operating history, more established global presence, more sophisticated technological capabilities, more robust customer base, more financial and other corporate resources and greater bargaining power than us. Such competitors may develop and launch more attractive products, adapt to downstream demands or incorporate advanced technologies at a faster pace than us. As such, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry and regulatory standards, customer demand or regulatory requirements as such competitors. In addition, in the event that these competitors lower the prices of their products similar to ours, due to their ability to achieve further cost savings, changes in market conditions or other reasons, we cannot assure you that we can match their pricing strategies in a timely manner, if at all, which could render our products less competitive in the market.

We also face competition from potential new entrants who may offer more competitive products than ours. Such new entrants may increase industry competition and adversely impact the sales, price and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our business and results of operations are affected by the macrocondition of semiconductor industry.

Our business and result of operations are subject to the macrocondition of the semiconductor industry at large and the edge AI chips and solutions industry in particular. According to the F&S Report, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by a sudden and unforeseen decline in product demand, accelerated erosion of selling prices, lower capacity utilization rates, higher inventory levels and lower inventory valuation. Due to the above factors beyond our control, we cannot assure you that our future performance will not be subject to such impacts. In the event of material downturns in the semiconductor industry, we may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, results of operations and financial condition may be adversely affected.

Our business may be negatively affected if we fail to maintain stable relationship with our major customers.

We are exposed to concentration risk with our major customers. We have been largely dependent on a small number of customers for a substantial portion of our business. In particular, we rely on a single customer, Customer A, a company primarily engages in the provision of integrated chip solutions. In 2023, 2024 and 2025, Customer A was our largest customer in each year during the Track Record Period. Revenue generated from Customer A amounted to RMB86.9 million, RMB162.3 million and RMB114.7 million, respectively, accounting for 57.9%, 66.5% and 33.1% of our total revenue in the same respective periods. In addition, revenue generated from our sales to our top five customers in each year during the Track Record Period was RMB118.1 million, RMB216.7 million and RMB271.7 million in 2023, 2024 and 2025, respectively, accounting for 78.6%, 88.8% and 78.3% of the total revenue for the respective

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periods, respectively. The major risks associated with a concentration on a few major customers include reduced commercial negotiating power, loss of such customers, and difficulty in finding alternative customers. As such, if we cannot maintain collaborative relationship with these major customers, or we cannot find alternative customers with comparable level of collaboration, our business, results of operations and financial condition may be adversely affected.

We expect that we will continue to depend upon a relatively limited number of customers for a majority of our revenues. We cannot assure you that our revenues generated from these customers, individually or in the aggregate, will reach or exceed historical levels in any future period. Loss or cancellation of business from significant changes in scheduled deliveries to, or decreases in the prices of products sold to, any of these customers could significantly reduce our operating revenues.

Our business could also be adversely affected if our customers are not able to settle accounts regularly or make payments on schedule. If our customers face financial difficulties, they may also cancel current or future orders that could materially and adversely impact our sales and results of operations. If a major customer were to enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to a stay of execution and the possibility of legal or other modification, we could be forced to record a substantial loss. Thus, as we generate a significant share of our revenue from a limited number of customers, any loss or fluctuation in their business may adversely affect our results of operations and financial condition.

Some of our products have a limited commercialization record, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

Despite our commercialization efforts in recent years, our operations since inception have primarily focused on R&D activities. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of the edge AI chips and solutions industry, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors, and may not be able to achieve promising results in future periods.

In particular, we have a limited track record in the commercialization and sales and marketing of some of our products. For instance, we achieved the mass production of most of our major product series began in or after 2022. Our ability to successfully commercialize our future products may involve more inherent risks, take longer and cost more than it would have if we were a company with a longer track record in commercialization. In particular, the commercialization of new products requires sustained efforts to effectively demonstrate the benefits of our products over our competitors’ and maintain and develop key customers with robust and stable demand, and secure our position within their supply chains. Due to our limited track record in the commercialization of some of our products, there can be no assurance that the sales results of our products will meet our expectation and forecast or that third parties will purchase and deploy our products, which, individually or collectively, would materially and adversely affect the commercialization of our products.

We may not implement our growth strategies or manage our growth effectively.

The success of our business expansion depends on our ability to efficiently execute our growth plan. We plan to continue our independent innovation and R&D, extend the downstream applications of our products, expand our overseas markets and cultivate our talent team. See “Business—Our Growth Strategies” and “Future Plans and Use of [REDACTED].” However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

To effectively manage our growth, we need to, among other things: (1) monitor and control our expenses and investments; (2) comply with different or additional laws, regulations and industry

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standards; (3) enhance our supply chain to support our growth; (4) retain and incentivize our key personnel and maintain our talent pool; and (5) strengthen our operational, financial and management internal controls and systems.

Furthermore, the growth of our business operations may be constrained by the development of our addressable markets. The future market size of the edge AI chips and solutions industry and the demand for relevant products may be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For instance, we cannot assure you that favorable policies and standards for our products will be promulgated or implemented in an effective and timely manner, if at all, and we cannot predict the impact of such policies on downstream sectors and, as a result, on the industries that we operate in and our performance. We cannot assure you that the size of our addressable markets and the demand for our products will continue to grow as anticipated, if at all. If our products fail to achieve widespread acceptance in any of the downstream sectors, or if customer demand for our products declines or alters due to weakening economic conditions, technical challenges, shifts in regulations and standards, or the emergence of alternative technologies or products, our business, results of operations and financial condition will be materially and adversely affected.

Our business depends on the continuing efforts of our management team and our ability to attract, train, and retain competent talent, especially talent on R&D.

Our future performance depends on the continued services and contributions of our founders, senior management, core R&D members, and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D.

Our future success depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch R&D team to develop our advanced products. Loss of core R&D members could materially impair our R&D capabilities, which would in turn affect our business operation and financial position. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities and other benefits to our employees, which may be costly and burdensome. We also rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of our relationships with key business partners, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Loss of the service of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, results of operations and financial condition.

We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We partner with third-party wafer foundries and packaging and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.

Under our fabless business model, our business operations depend on the continuous service of certain suppliers, mainly including (1) wafer foundries and (2) packaging and testing service providers. Purchases from our five largest suppliers in each period during the Track Record Period accounted for 83.7%, 83.6% and 69.1% of our total purchase amount in the same periods, respectively. Purchases from our largest supplier in each period during the Track Record Period accounted for 49.4%, 65.6% and 32.6% of our total purchase amount in the same periods, respectively. See “Business—Suppliers—Major Suppliers.”

Our relationship with these major suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If the supply of wafers or the provision of packaging and testing services is disrupted or delayed, we may fail to find replacements with similar supply capacity on comparable

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commercial terms within a reasonable period of time, or at all. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation or financial condition of our major suppliers may result in material adverse impact on their business with us.

If we are unable to ensure the manufacturing or delivery of high-quality products on schedule and on an adequate scale to address our customer demand, our business and results of operations may be materially and adversely affected.

As we operate under the fabless model, our business operations are concentrated on the R&D of edge AI chips and solutions while outsourcing wafer fabrication to trusted third-party partners. Similar to other players that operate under a fabless model, our ability to continually and timely arrange for the manufacturing and delivery of high-quality products meeting the market demand is critical to our business, financial performance and prospects. We have limited control over the quality, availability and costs of our partnered wafer foundries and packaging and testing service providers. We cannot assure you that the products manufactured by our partnered wafer foundries or services provided by our partnered packaging and testing service providers are safe and free of defects or can meet the relevant quality standards.

We may face difficulties meeting our delivery requirements to customers due to a variety of factors, many of which are related to the supply chain or market demand that are generally beyond our control. Failure to fulfill customers’ requirements and quality control problems that occur in the manufacturing process of our third-party wafer fabrication partners could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our third-party wafer fabrication partners’ production efficiency and product quality. If any of our third-party wafer fabrication partners’ production facilities experience interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Further, if our third-party wafer fabrication partners’ production facilities or suppliers experience any difficulties or shortages of raw materials, or if they are otherwise unable or unwilling to continue to supply in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process of seeking replacements would be highly time-consuming and costly and we cannot assure you that we can locate new suppliers on reasonable or acceptable commercial terms, or at all. In addition, we may also experience delays in shipments caused by our third-party logistic service providers. Moreover, surges in market demand could arise from time to time, and we may not be able to arrange for manufacturing and delivery capacity to efficiently address such demand. Any such issues could have a material adverse effect on our ability to fulfill orders and consummate sales, damage our reputation and brand, and affect our business, results of operations and financial condition.

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

Our customers primarily consist of distributors and direct sales customers in relevant downstream sectors, in particular Tier 1 suppliers in the automotive industry and electronic system integrators and solution providers in the consumer electronics industry. Our products are distributed to Tier 2 suppliers in the automotive industry primarily through our distributors. However, we cannot guarantee that our existing customers will continue to procure or increase their procurement from us, or that we can attract and secure orders from new customers. As such, if we fail to attract new customers or retain existing customers, our business, results of operations and financial condition may be adversely affected.

Our ability to retain existing customers, attract new customers, and ultimately anchor their demand depends on a number of factors, some of which are beyond our control, such as (1) the perceived value and costs of our products by existing and new customers; (2) the availability, advantages, costs and overall competitiveness of similar products; (3) changes in the R&D planning and procurement strategies of the customers; and (4) shifts in technical and industry standards or regulatory requirements.

We cannot guarantee that our business development strategies will be successfully implemented or bring about outcomes as we expected.

We continue to execute a number of strategies to expand our business. However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which

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may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

Increases in costs of the materials and other components used in our products would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which our suppliers purchase materials, components and supplies for the production of our products may adversely affect our profitability. As a result of the global semiconductor shortage and inflationary pressures, we have and may continue in the future experience increases in the cost of our products. The profitability of our products may then fluctuate given different market conditions. We determine our product pricing through negotiations with our customers. We consider factors such as our costs, desired profit margin, pricing of similar products of competitors and degree of market competition in formulating our pricing policies. However, given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, any significant increase in the cost of our products may have an adverse impact on our business, results of operations and financial condition.

We may not be able to fully maintain quality control over our products.

The quality of our products depends on the effectiveness of our quality control procedures, as well as those of our suppliers. We have implemented rigorous quality control procedures in multiple steps throughout our R&D process and the manufacturing process of our products. For details of our quality control efforts, see “Business—Quality Control.” However, our quality control procedures may not be effective in preventing and resolving deviations from our quality standards, and they may not be adequately implemented. Any failure to execute our quality control procedures could increase our costs, render our products less attractive to customers, adversely impact our market reputation and relationship with business partners and even incur liabilities to us.

In addition, we depend on the quality control procedures of our suppliers. We cannot assure you that the products manufactured by our partnered wafer foundries or services provided by our partnered packaging and testing service providers are safe and free of defects or can meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we are involved in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome. Any such issues may materially and adversely affect our business, results of operations and financial condition.

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

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. As we have relatively short history and operate in a competitive market, our ability to establish, develop and constantly enhance our brand is critical to build our market position and contributes to our long-term success. The successful promotion of our brand also depends on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may also incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect.

We depend on sales to our distributors for a considerable portion of our revenue, and distributors are expected to remain important in our sales network. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

Distributors are important to our business model. Our distributors are primarily responsible for delivery to end customers and settlement with us. Our revenue from sales to distributors accounted for

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62.9%, 70.0% and 36.6% of our total revenue for 2023, 2024 and 2025, respectively. We expect that distributorship will remain an important component of our sales network. The effective management and expansion of our distribution network depends on our ability to enter into renewal agreements with existing distributors on terms favorable to us, and expand our distributor base, especially for key distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business or for any other reasons would adversely impact our business, results of operations, financial condition and cash flows.

Our distributors may not be able to manage their inventory level effectively and we may not be able to track their sales and inventory level, which could cause us to incorrectly predict sales trends and may damage the stability of our distribution network.

Failure to manage inventory level may strain our distributors' financial resources and impair their liquidity, which may lead to their reluctance or inability to purchase products from us. If they experience decreased profitability or suffer losses as a result, they may quit our distribution network. Additionally, distributors may, with or without any merit, complain about and attribute their slow inventory turnover to us, harming our relationship with such distributors and potentially damaging our reputation among distributors. If any of such incidents occurs, the stability of our distribution network may be impaired, and our business, results of operations and financial condition may be materially and adversely affected. Furthermore, we may not be able to track the sales and inventory level of our distributors. This could in turn lead to our inability to accurately predict sales trends and forecast customer demand, which could result in excess inventory levels or a shortage of products. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

We have limited control over the operations of our distributors. Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

While we have implemented measures to regulate our distributors, including through our distributorship agreements with them, our control over distributors is limited, and we cannot assure you that we can successfully manage our distributors. We may fail to detect incidents of misconduct or non-compliance on the part of our distributors that violate the terms of our distributorship agreements or applicable laws and regulations in a timely manner, or at all. Misconduct and violations may occur in the form of unauthorized misrepresentation to our end customers, misappropriation of third-party rights and bribery or other unlawful payments during the course of their distribution. Such incidents by any of our distributors could tarnish our brand, disrupt our sales and damage our relationship with such distributors and end customers. These and similar actions could also negatively affect our corporate and product image, result in further loss of customers and decline in sales, or even incur liabilities and claims against us. Moreover, if any of our distributors sell the same products in overlapping markets, this may result in cannibalization or even competition among these distributors, which reduces the efficiency of such distribution channels. In addition, although we require our distributors to follow relevant standards and protocols established by us, we may not be able to continuously monitor or control the quality of customer service provided by our distributors. If our distributors fail to conform to our standards and protocols or provide satisfactory services on our products, our reputation and business may be adversely affected.

Our products may contain defects, malfunction or underperform, and we may be subject to product liability claims, which may incur costs and negatively affect our reputation and business operations.

Products within the edge AI chips and solutions industry are complex and may contain errors, defects, vulnerabilities or other issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. In addition, some of the products that we currently offer are critical to automotive safety due to their functions in nature. Any defects, malfunctioning or underperformance concerning these products could cause adverse consequences, including economic damages, accidents, injuries and even fatal events. Responsibilities as to these incidents may extend to suppliers like us, which could involve us in legal and other proceedings, subject us to significant liabilities, damages and penalties and harm our business, reputation and results of operations.

Despite the verification and testing procedures in place, our products may contain errors, defects, vulnerabilities or other issues which we are unable to successfully correct in a timely manner or at all.

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Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed in practice. Under these circumstances, we may incur additional remedial costs to recall, repair or replace and additional development costs to redesign our products. Furthermore, because we are subject to warranty and indemnification provisions based on certain of our agreements with our customers, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims would be time-consuming and costly for us to defend and divert our management attention, thereby adversely affecting our business, financial condition and results of operations. These customers may terminate the business relationship with us altogether and as a result, our results of operations and financial condition may be adversely affected. These disputes, proceedings and deterioration of customer relationship may generate negative publicity concerning us and adversely impact our business.

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

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

If we fail to properly manage or maintain sufficient inventory, we could lose sales or experience excess inventory levels, which could negatively affect our financials and operations.

We had inventories of RMB41.3 million, RMB51.1 million and RMB123.0 million as of December 31, 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our inventory turnover days were 119, 105 and 130 days, respectively. In the same periods, we had write-down of inventories of RMB1.7 million, RMB7.2 million and RMB10.4 million, respectively. Demand from customers may be affected by general market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively. Any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

In addition, our results of operations may, from time to time, be affected by the write-down of inventories. We assess our inventory for indicators of impairment on a regular basis. Where such indicators exist, we perform an assessment by comparing the inventory’s carrying amount to its estimated net realizable value. Our inventory impairment losses may fluctuate from year to year, influenced by factors such as our business scale, project mix, and production cycles, and such fluctuations could have a material effect on our results of operations.

We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations.

We operate within a global supply chain and our products are sold globally as components of various end products. As such, we face risks associated with international trade regulations and geopolitical developments. Our business activities are subject to the impact of various applicable sanctions and export controls regulations. In recent years, complexities in international relations, such as the geopolitical tensions between the United States and China, have presented new challenges. For example, in February 2026, following the invalidation by the U.S. Supreme Court of the previously imposed reciprocal tariffs and fentanyl-related tariffs, U.S. President announced the introduction of an alternative trade measure. Pursuant to such announcement, a temporary 10% ad valorem surcharge was imposed on goods imported into the United States for a period of 150 days, effective from February 24, 2026. The surcharge applies

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to imports from all trading partners, subject to specified exceptions for certain goods. U.S. tariff policy has demonstrated a highly dynamic nature and has been subject to abrupt adjustments. To the extent that additional or higher tariffs were to be imposed on our products in the future, such measures could increase costs for our downstream customers and may in turn adversely affect their procurement decisions, demand for our products and overall purchasing volumes, which could consequently have an adverse effect on our business, financial condition and results of operations. In addition to tariff measures, broader changes in trade policies may also have an impact on global economic activity. These circumstances could reduce levels of international trade, investment, technological exchange and other economic activities. They might also lead to changes in political and economic relations between countries, sanctions, export controls, changes in economic and labor conditions, imposition of increased duties, tariffs and taxes, political instability and other geopolitical issues.

In particular, the Export Administration Regulations (the “EAR”) regulates U.S. export control, and the Bureau of Industry and Security (the “BIS”) of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end use of a specific export or transfer. Under the EAR, a non-U.S.-produced item is subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process. The BIS maintains lists of individuals and entities subject to enhanced export control restrictions. The Entity List is a catalog of individuals and entities subject to specific licensing requirements for the export, re-export, or transfer of certain products and technology subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities and entities from other countries to the Entity List for a variety of reasons, including foreign policy, defense policy and security. In particular, in October 2022, the BIS issued an interim final rule requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is “knowledge” that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. On December 2, 2024, the BIS issued an interim final rule and a final rule, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. In addition to the United States, Japan, the Netherlands and various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China. These types of restrictions could impact our ability to supply our products to customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products.

As we operate under a fabless model and participate in complex, multi-tier semiconductor supply chains, we may from time to time encounter counterparties that are subject to U.S. export control restrictions, including the BIS Entity List. We cannot assure you that we will always be able to avoid all commercial exposure to such restricted parties. In addition, as the BIS rules are evolving, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, dealing with customers and suppliers on the Entity List can also make us vulnerable under the EAR and Entity List designation, considering that the Chinese semiconductor industry has been strictly scrutinized by the U.S. government.

As a fabless IC design house, we use software and commodities subject to the EAR, including certain electronic design automation (“EDA”) software. Our research and development activities also involve the licensing-in of U.S.-origin intellectual property. As the U.S. continued to impede China’s advanced semiconductor industry, several leading EDA software suppliers in the U.S. stated that they received notices from BIS to cease supplying EDA software to China recently. We understand that these developments introduced uncertainties to global supply chains, limited access to key software, and increased production and compliance costs for companies operating in affected industries. If these trade restrictions or geopolitical tensions escalate, we may face additional risks, including reduced access to key software, which could negatively impact our design capabilities. In addition, if changes in U.S. export control policies were to affect our foundries, suppliers, or downstream customers, such effects could be transmitted to us through our commercial relationships and may, in turn, have secondary impacts on our business operations and financial performance.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that set prohibition or notification requirements on U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury (the “Treasury”) issued a final rule (the “Final Rule”, “U.S. Outbound Investment Rule” or “OIR”), codified in the United States Code of Federal

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Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023, which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) artificial intelligence systems, collectively defined as “covered foreign persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as “covered transactions,” and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, U.S. President issued a memo entitled the “America First Investment Policy” (the “America First Memo”), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors. Moreover, the “National Defense Authorization Act for Fiscal Year 2026” (S. 1071, the “NDAA 2026”) further directs the Secretary of the Treasury to issue regulations restricting United States outbound investments in countries of concern involving certain technologies.

We believe that we are deemed to be a covered foreign person engaged in one of the “covered activities” (each as defined in the Final Rule) as we design integrated circuits as described in the definition of “notifiable transactions” in 31 C.F.R. §850.217. We are not directly or indirectly engaged in any “covered activities” as described in the definition of “prohibited transactions” (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit described in 31 C.F.R. §850.224(c), (d) or (e) and activities described in the other sections of 31 C.F.R. §850.224. However, there is no assurance that the Treasury will take the same view as ours. U.S. persons engaged in a “covered transaction” (as defined under the Final Rule) that involves the acquisition of our equity interests (including the [REDACTED] of our H Shares in the [REDACTED]) may need to make a notification to the Treasury pursuant to the Final Rule, which could limit our ability to raise capital or contingent equity capital from U.S. investors. In addition, even though U.S. persons’ investment of certain publicly traded securities (such as [REDACTED] our H Share in the [REDACTED]) falls under an exception in the Final Rule, it could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations and policies continue to evolve. In addition, the application and implication of the Final Rule, the America First Memo, NDAA 2026 and any related policies, laws and regulations are complex, which may be changed and updated from time to time. Future changes in the Final Rule, the America First Memo, the NDAA 2026 and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects.

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

We have been exploring business opportunities in overseas regions. However, we have limited experience in doing business in these markets and our products and business may not be well accepted. We cannot assure you that we can replicate our success or compete effectively in these markets. Moreover, as our overseas expansion proceeds, we may have to adapt our business models to the local market due to various legal requirements and market conditions and incur additional costs associated with such operations.

Specifically, we are subject to risks typically associated with overseas operations including, but not limited to, compliance with local laws and regulations, such as those related to trade practices and tariffs, intellectual property, labor, anti-corruption, taxation, intra-group transactions and trade practices and data practice. If any of our overseas operations, or our associates, agents or distributors, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties. We may also need to obtain additional government approvals, licenses or other authorizations for doing business in overseas markets. Changes in the political and economic environments in the markets where we operate and the imposition of tariffs, duties or other protectionist measures may also have a material adverse impact on our overseas operations.

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

We may be involved in litigation, legal or contractual disputes, governmental investigations or administrative proceedings in the ordinary course of our business. These may concern issues relating to, among others contract disputes relating to our daily business operations. Any such claim or proceeding involving us, with or without merit, may be expensive, time-consuming and disruptive to our operations and distracting to management. In addition, even if we ultimately succeed in such disputes or proceedings, negative publicity may arise therefrom and materially and adversely affect our reputation and business. If one or more legal or administrative matters were resolved against us, or certain injunctions are granted to prevent us from using certain technologies in our products, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, unfavorable outcomes could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, corporate remedial measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition.

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

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

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

In addition to our registered patents and patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, there can be no guarantee that an employee or a third party will not make unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised, despite any legal action we might take against such persons. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and/or is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. We also seek to enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. However, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such agreement. Furthermore, if the employees who are parties to these agreements breach the terms of these agreements, we may not have adequate remedies for any such breach, and we could lose our trade secrets and inventions through such breaches. We may be involved in claims by or against us related to the ownership

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of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and research and development personnel.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may continue to enter into acquisitions investments or alliances with various third parties. These investments could subject us to a number of risks, including the degree of synergy, the success of integration, risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in relevant expenses, any of which may materially and adversely affect our business, results of operations and financial condition. We also cannot assure you that the business and financial performance of our investees will always meet our expectations, or that such investments will always be aligned with our business planning. We may also have little ability to control or monitor the actions of relevant third parties, including our investees and investment partners. To the extent such third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions and investments may also involve significant capital outlays, the issuance of equity securities that could dilute existing shareholders, or the assumption of debt, any of which could adversely impact our financial position. Any failure to realize the anticipated benefits from investments and acquisitions could materially and adversely affect our business, results of operations and financial condition.

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

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

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

We currently have product liability insurance and transportation insurance that covers the delivery of wafers. However, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. In particular, we do not carry insurance in respect of certain risks that we believe are not insured under customary industry practice in Chinese mainland, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunamis, pollution, acts of terrorism and civil disorder. In addition, our insurers generally review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms, or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations and financial condition.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdictions where we operate, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain and maintain the requisite licenses and approvals for our business in China where we currently operate our business. We cannot assure you that we can successfully update or renew

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the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

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

As of the Latest Practicable Date, we had not filed the lease agreements for registration with respect to six leased properties in China, primarily used as our R&D facilities and office. Under the Civil Code of the PRC, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreement are not affected by the failure to register or file the lease agreement with the relevant government authorities.

According to the Measures for the Administration of Commercial Housing Leases (商品房屋租賃管理辦法), within thirty days after the conclusion of a housing lease contract, the parties to the lease shall register the contract with the construction (real estate) authority of the people’s governments of centrally administered municipalities, cities, or counties where the leased property is located; any violation of the provisions of these measures shall be ordered by the relevant authority to rectify within a specified time limit, where the entity fails to rectify within the specified time limit, it shall be fined between RMB1,000 and RMB10,000.

Our PRC Legal Advisor has informed us that if the relevant local housing management authorities require us to complete registration within a specified time limit and we fail to do so, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each property. As of the Latest Practicable Date, we have not received any rectification orders or imposed any fines for unregistered lease agreements. Therefore, our PRC Legal Advisor believes that if the registration of our lease agreements can be completed within the timeframe specified by the government authorities in accordance with relevant laws and regulations, the risk of significant penalties being imposed on us for such non-compliance is minimal.

We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

Companies operating in the PRC are required to participate in various employee benefit plans, including social insurance fund and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. During the Track Record Period, we did not make adequate contributions to the social insurance for some of our employees and housing provident fund for a small number of employees, as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations. In 2023, 2024 and 2025, the aggregate shortfall of social insurance and housing provident fund contributions amounted to RMB2.8 million, RMB2.1 million and RMB0.9 million, respectively. In terms of the social insurance fund and housing provident fund attributable to December 2025, we had rectified the noncompliance by making adequate social insurance fund and housing provident fund contributions for our employees and will make such adequate contributions thereafter.

According to the relevant PRC laws and regulations, if the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount.

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If we are required to settle the shortfall of social insurance contribution, and we fail to make the payment within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay the full amount of housing provident fund, the competent PRC government authority may require us to pay the outstanding amount within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the PRC courts for compulsory enforcement. According to the Notice on Implementing Several Measures for Further Supporting and Serving the Development of the Private Economy (國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知) issued and implemented by the SAT on November 16, 2018, provides that “tax authorities at all levels shall not in any case, on their own initiative, organize and conduct centralized collection and settlement of arrears of social insurance fund on payers including private enterprises from previous years.”

Considering that (1) pursuant to the relevant provisions promulgated by the Ministry of Human Resources and Social Security of the PRC and the SAT as set out above, the competent authorities shall not, on their own initiative, organize any centralized collection and payment of historical social insurance shortfalls from enterprises; (2) based on the credit reports issued by the public credit information centers in the locations where our Company and our PRC controlling subsidiaries are situated, our Company’s confirmations, and the interviews conducted by our PRC Legal Advisor with the competent authorities, we were not subject to any administrative penalties imposed by the competent authorities for violations of laws and regulations relating to labor protection, social insurance and the housing provident fund during the Track Record Period; (3) we confirmed that we had rectified the aforesaid non-compliance in relation to the payment of social insurance and the housing provident fund, and we had not received any notice from the competent authorities for social insurance or the housing provident fund requiring us to make supplementary payments of social insurance contributions or housing provident fund contributions or imposing any penalties thereon, nor have we received any complaints or reports from any employees in relation to the payment of social insurance or the housing provident fund; and (4) we have undertaken that, if we receive in the future any notice from the competent authorities requiring us to make payment or supplementary payment within a prescribed time limit, imposing late payment surcharges, or requiring us to make housing provident fund contributions within a prescribed time limit, we will make the required supplementary payments within the prescribed time limit in accordance with the requirements of the competent authorities, our PRC Legal Advisor is of the view that, assuming there is no material change in the current policies and regulations and the local governments’ enforcement and supervision requirements, and no employee complaints or reports occur or relevant litigation or arbitration is initiated, the risk that we will be subject to centralized collection and payment and penalties by the competent authorities for failure to make social insurance fund and housing provident fund contributions in compliance with applicable PRC laws is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period.

However, we cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

The Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the “Interpretation II”), which came into force on September 1, 2025 reiterates the position that a worker’s waiver of social insurance rights is invalid. Any agreement or declaration in which a worker abandons or purports to abandon social insurance rights shall be deemed invalid. Workers remain entitled to the statutory benefits and compensations stipulated in the Labor Contract Law. For details, see “Regulatory Overview — Regulations on Labor Employment.” As advised by our PRC Legal Advisors, given that (1) the Interpretation II does not introduce new provisions or substantive interpretations regarding social insurance or housing provident fund; and (2) the Company and its PRC subsidiaries have not made any arrangement with their employees not to participate in statutory social insurance, the Interpretation II will not have a material adverse impact on our compliance status.

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

Our business is subject to general economic and social conditions. Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates,

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

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS OF OUR PRODUCTS

We have been and intend to continue investing heavily in our R&D and such investments may not yield the results we expect, and we may fail to continue to research and develop or effectively respond to the evolving technology and market dynamics of the edge AI chips and solutions industry.

We have been investing, and expect to continue to invest, heavily in our R&D efforts. Our research and development expenses amounted to RMB124.7 million, RMB86.8 million and RMB93.5 million in 2023, 2024 and 2025, respectively. Our industry is subject to rapid technological changes and is quickly evolving in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to maintain the competitiveness of our products or expand our product offerings. As a result, we expect to continue to incur significant research and development expenses in the future.

However, we cannot guarantee that our efforts will achieve the outcomes as we anticipate. The outcomes of R&D activities are inherently uncertain. Even if we succeed in our R&D efforts and generate the results as we expect, we may still encounter practical difficulties in commercializing our products incorporating our research and development outcomes. New technologies could render our existing technologies and/or products or technologies and/or products we are developing obsolete or unattractive, thereby rendering us unable to recover research and development expenses, which could materially and adversely affect our business, results of operations and financial condition.

Our R&D efforts may not translate into contribution to our results of operations, if at all, and even when they do, such contributions may not meet our expectations, and we may never recover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

If we are unable to develop and introduce new products, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our business is R&D-driven. Continuous R&D enables our products to meet emerging requirements for safety, functionality, integration, power efficiency and cost effectiveness, as well as address ever-evolving demand and requirements from customers and downstream sectors. Our business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced products that incorporate the latest technological advancements. We may encounter unexpected technical and production challenges or delays in completing the development of new and enhanced products in a cost-efficient manner. Successful product development and upgrades not only require us to invest significant resources in research and development and also require that we: (1) design products with better functionality, cost savings or other benefits that differentiate from those of our competitors; (2) quickly and cost-effectively adjust to evolving customer demands, market conditions and industry trends; (3) rapidly and satisfactorily meet new industry and regulatory standards and requirements; and (4) continuously enhance our technology stack.

If we are unable to complete the development of new and enhanced products and/or technologies without delay or at all, we may not be able to satisfy our customers' demand or achieve broader market

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acceptance of our products, and our business, results of operations, financial condition and competitive position would be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our ability to protect our proprietary technologies and our products by obtaining, maintaining and enforcing our intellectual property rights, including patent rights, is critical to our long-term competitiveness. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China. As of December 31, 2025, we had 166 granted patents, comprising 124 invention patents, 42 utility model patents and 150 patent applications which were pending approval. As of the same date, we had 38 software copyrights and 35 registered trademarks. See “Business—Intellectual Property Rights.” The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of edge AI chip and solution providers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products. Governmental patent agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. If we fail to extend the life of our patents, we may face competition for any approved products even if we successfully obtain patent protection once the patent life has expired for the product.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling relevant products.

The industries in which we operate are patent-intensive. Companies in these industries routinely seek patent protection for their product designs. Some of our competitors have large patent portfolios with broad rights and may claim that our expected commercial use of our products has infringed their patents. Specifically, these competitors could allege that certain features of our products fall within the coverage of their patents. They may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

In addition, to accelerate our development cycles and enhance system stability, we plan to selectively acquire or license mature third-party IPs, such as computing modules and DSP cores. However, our use of these third-party IPs exposes us to various risks, including potential licensing restrictions, renewal risks and infringement claims. Specifically, our use of such third-party IPs is subject to the terms of the relevant license agreements, and any inadvertent breach of licensing restrictions could

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result in the termination of our rights to use these IPs. We also face renewal risks; there is no guarantee that we will be able to maintain or renew these IP licensing agreements upon their expiration on commercially reasonable terms, or at all, which could significantly disrupt our product development and operations. Furthermore, despite our efforts to carefully select reliable third-party IPs, we cannot assure you that the licensors possess all requisite rights to license such IPs to us, or that the licensed IPs themselves do not infringe upon the intellectual property rights of others. If third parties assert infringement claims against us based on our use of such acquired or licensed IPs, we could be subject to costly litigations.

Whether a product (including those incorporating third-party IPs) infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. Although we intend to identify and avoid intellectual property infringement activities, (1) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers’ proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (2) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing; and (3) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringing on third parties’ intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, re-engineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred net losses and negative operating cash flow and we may not be able to achieve or maintain profitability in a short time.

Since our inception, we have incurred net losses. In 2023, 2024 and 2025, we had losses for the year of RMB153.4 million, RMB80.8 million and RMB94.5 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations in the rapidly growing edge AI chips and solutions market and are continuously investing in research and development. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, effectively and successfully compete, and develop new products. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. Our costs and expenses may continue to increase in future periods, as we continue to expand our business and operations and invest in research and development activities. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We recorded net cash used in operating activities of RMB121.8 million, RMB74.9 million and RMB149.4 million in 2023, 2024 and 2025, respectively. See “Financial Information—Liquidity and

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Capital Resources—Cash Flows.” We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

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

We require additional capital from time to time to execute our R&D and procurement plans, broaden and enhance our offerings, grow our business, better serve our customers, and improve our operations. In particular, companies operating under fabless model in the semiconductor sector typically have a relatively long and uncertain design and development cycle before mass production and commercialization, which makes the availability of upfront financing critical. Accordingly, we may need to sell additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing Shareholders. The incurrence of debt financing would result in increased debt service obligations. It could also result in operating and financing covenants that would restrict our operation or our ability to pay dividends to our Shareholders.

Our ability to obtain additional capital is subject to a variety of uncertainties, including our market position and competitiveness, our potential for profitability, overall financial condition and results of operations, the general market condition for capital-raising activities by companies in our industry, and the economic, political and other conditions in China and globally. We may be unable to obtain additional capital in a timely manner or on favorable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects could be adversely affected.

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

We are exposed to credit risk relating to potential delays in payment and defaults of our customers. We had a growing balance of our trade receivables during the Track Record Period, in part due to our increased business scale. As of December 31, 2023, 2024 and 2025, our trade and bill receivables (net of loss allowance) amounted to RMB5.8 million, RMB5.7 million and RMB12.2 million, respectively, with an allowance for impairment of trade and bill receivables amounting to RMB1.1 million, RMB3.1 million and RMB1.1 million as of the same dates, respectively. Our trade receivable turnover days were 28, 12 and 11 days in 2023, 2024 and 2025, respectively. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control, such as long payment cycles of certain customers. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the trade receivables, our corresponding trade receivables recoverability will be adversely affected. The increase in the amount of provisions made on our trade receivables will be recorded as expenses on our results of operations. As such, if we are unable to manage the credit risk associated with our trade receivables effectively, our results of operations may be materially and adversely affected. Furthermore, substantial defaults or delays by our customers could materially and adversely affect our cash flow and working capital conditions, and we may have to terminate our relationships with such customers.

We are subject to risk related to the prolonged cash conversion cycle.

In 2023, 2024 and 2025, our inventory turnover days were 119, 105 and 130 days, respectively. See “Financial Information—Discussion of Major Items In the Consolidated Statements of Financial Position—Inventories.” Besides, our trade receivables turnover days were 28 days in 2023, 12 days in 2024 and 11 days in 2025. See “Financial Information—Discussion of Major Items In the Consolidated

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Statements of Financial Position—Trade and Bill Receivables.” The relatively long inventory turnover days and trade receivable turnover days may lead to delays in converting our revenue into cash. While we continue to enhance our working capital management, future performance may be influenced by factors such as customer payment patterns, supply chain dynamics, and broader macroeconomic conditions. A longer cash conversion cycle may increase our reliance on working capital or external financing to support operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, results of operations and financial condition could be materially and adversely affected.

We have granted and may continue to grant share options and other types of awards, which could result in share-based compensation costs that may affect our financial performance, and potentially dilute existing Shareholders’ ownership.

We recorded share-based payments expenses of RMB24.2 million, RMB12.1 million and RMB31.3 million in 2023, 2024 and 2025, respectively, in connection with employee share incentive grants. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders’ stake.

Changes in the fair value of our financial assets may materially and adversely affect our results of operations, financial condition and prospects.

Our financial assets at fair value through profit or loss (“FVPL”) consisted of (1) wealth management products, and (2) structured deposits. Our financial assets at FVPL were RMB126.6 million, RMB163.8 million and RMB10.0 million as of as of December 31, 2023, 2024 and 2025. Financial assets at FVPL are stated at fair value, and net changes in their fair value are recorded as other income and gains, net, and therefore directly affect our results of operations. We recorded gains of RMB0.6 million, RMB0.4 million and nil in 2023, 2024 and 2025, respectively arising from changes in fair value.

Asset valuations in future periods, reflecting then prevailing market conditions, may result in negative changes in the fair values of these financial investments, which could have a negative impact on our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our financial assets at FVPL in the future. In addition, the value we ultimately realize from the disposal of these investments may be lower than their current fair value. Any of these factors could require us to record negative fair value adjustments, which may have a material and adverse effect on our results of operations, financial condition or prospects.

We cannot assure you that we can always obtain necessary or reliable data to apply relevant financial valuation models for determination of fair values, due to factors beyond our control such as loss of data or insufficient market information. In such circumstances, we need to make assumptions, judgments and estimates in order to establish the fair value. Since assumptions are subjective in nature and inherently uncertain, the actual results may differ from our estimates. Any consequential impairments or write-downs in future periods could have a material and adverse effect on our results of operations, financial condition and prospects.

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

We are subject to preferential income tax treatments during the Track Record Period. See “Financial Information—Results of Operations—Income Tax Expense.”

If we cease to be entitled to such preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which could adversely affect our business, results of operations, financial condition and prospects. In addition, we may not be able to successfully or timely obtain the preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition.

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

During the Track Record Period, we also received government grants, some of which are non-recurring in nature or are subject to periodic review. In 2023, 2024 and 2025, the government grants we recognized as other net income amounted to RMB8.1 million, RMB8.4 million and RMB11.1 million, respectively.

If we cease to be entitled to such government grants or if the relevant PRC laws and regulations change, it could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions, laws, regulations or government policies in PRC could have a material adverse effect on our business and operations.

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

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

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the July 6 Opinion, which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and five supporting guidelines (together, “Overseas Listing Trial Measures”), which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, further follow-up offerings after overseas listings also require a filing within three business days after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant PRC regulators, a switch of listing status and a termination of listing. See “Regulatory Overview—Laws and Regulations on Overseas Securities Issuance and Listing of Domestic Companies” for details.

If the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, it is uncertain whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration of China published the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic

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Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “Archives Rules”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic companies, either in direct or indirect form, such domestic companies, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

The CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for the Global Offering or future capital raising activities, and we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and trading price of the H Shares.

Governmental supervision of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may limit our ability to pay dividends and other obligations, and adversely affect the value of your [REDACTED].

The PRC government imposes supervision on the convertibility of Renminbi into foreign currencies. Substantially all of our transactions are denominated in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as direct investments, repayment of loans denominated in foreign currencies, repatriation of investments and investments in securities outside of China. Failure to obtain approval from or complete registration with competent government authorities related to overseas direct investments may result in cessation of the implementation of relevant projects, restrictions on the remittance of Renminbi into or out of China, or even legal or administrative liabilities. If the foreign exchange regulatory policies prevent us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

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

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (外商投資准入特別管理措施(負面清單)(2024年版)) (the “Negative List”) issued by the NDRC and MOFCOM on September 6, 2024, effective on November 1, 2024, which sets out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China had not fallen within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the

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Negative List could be updated in the future, we cannot assure you that the PRC government will not change its policies in a manner that would render part of our business in China within the Negative List. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, results of operations and financial condition may be adversely affected.

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.

We are subject to various regulatory requirements relating to cybersecurity and data privacy in the PRC, including the PRC Data Security Law (中華人民共和國數據安全法) and the Cybersecurity Law of PRC (中華人民共和國網絡安全法). We are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. In the course of conducting our business, the data we collect mainly pertains to employee information, customer and supplier contact information and other data necessary for operation and management. Due to our business nature, we generally do not engage in collecting personal information through public channels such as operational websites, apps, or mini-programs on internet platforms. However, we may still incur expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

As of the Latest Practicable Date, we are not applicable to the declaration of cybersecurity review, on the basis that: (1) we had not been notified of being classified as a critical information infrastructure operator. (2) We have not received any material queries or notifications from any PRC governmental authorities, have not received any notification with regard to cybersecurity review, and have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection. (3) Our business does not involve the cross-border transfer of personal information and important data. (4) During the Track Record Period and up to the Latest Practicable Date, there had not been a significant cybersecurity or data protection incident regarding theft, leakage, damage or loss of data or personal information. (5) Based on the consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (“CCRC”), Hong Kong is not included in the definition of “abroad” hereof and listing in Hong Kong is not in the scope of “listing abroad” (國外上市), which is not explicitly required to apply for a cybersecurity review.

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

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our reputation, business, results of operations and financial condition. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Further adjustments or changes to PRC tax laws and regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, results of operations and financial condition.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

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Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the “IIT Law”) and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax issued by the MOF and SAT (財政部、國家稅務總局關於個人所得稅若干政策問題的通知) (Cai Shui Zi [1994] No. 020) on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Cai Shui Zi [1998] No. 61) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, the PRC tax authorities may change these practices, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a rate of 10%. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED] Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. For details, see “Regulatory Overview—Laws and Regulations on Taxation.”

Despite the arrangements mentioned above, there remain significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities and the PRC tax laws and regulations may also change, which may adversely affect the value of your [REDACTED] in our H Shares.

You may have limited resources in effecting service of legal process or enforcing foreign judgments against us, and our Directors and management.

We are a company incorporated under the PRC laws, and the vast majority of our assets and subsidiaries are currently located in China. Substantially all of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

On January 14, 2019, the Supreme People’s Court of the PRC and the government of Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”), which took effect on January 29, 2024. The 2019 Arrangement seeks to establish a

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mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Chinese mainland and Hong Kong, based on criteria other than a written bilateral choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant Chinese mainland and Hong Kong court.

There is no assurance whether and when we will pay dividends, which is subject to restrictions under PRC law.

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

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under the IFRS in certain respects, our Company may not have distributable profits as determined under PRC GAAP, even if it has profits for that year as determined under the IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Restrictions on dividend payment could have a negative impact on our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE [REDACTED]

An active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. We cannot assure you that an active [REDACTED] market for our H Shares with adequate liquidity will develop or be sustained following the completion of the [REDACTED]. The initial [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the initial [REDACTED] at any time following the [REDACTED].

We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]). A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for the H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the [REDACTED] of the shares of other companies engaging in similar business may affect the [REDACTED] and [REDACTED] volume of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our customers and suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

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Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise [REDACTED] at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

While [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED] (except as disclosed in “[REDACTED]”), they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED].

Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the [REDACTED] of H Shares.

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the [REDACTED] and [REDACTED] of such converted shares, the requisite internal approval processes have been duly completed, the filing with the CSRC and the requisite regulatory approvals have been completed, and the requirements and procedures prescribed by the related regulations and guidelines have been satisfied. In addition, such conversion, [REDACTED] and [REDACTED] must comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [REDACTED]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [REDACTED] of H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. We cannot assure you that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we [REDACTED] additional Shares in the future at a [REDACTED] which is lower than the net tangible asset value per Share at that time.

Certain facts, forecasts and statistics contained in this document are derived from various official sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed “Industry Overview,” from the F&S Report, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government,

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industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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

The [REDACTED] market for our H Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our H Shares, the [REDACTED] for our H Shares would likely decline.

If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the [REDACTED] of or [REDACTED] volume for our H Shares to decline.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, and substantially all of our financial assets were also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including [REDACTED] from the [REDACTED], as Renminbi is the functional currency of our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [REDACTED] are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

In preparation for the [REDACTED], we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, all applicants applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of the applicant’s executive directors must be ordinarily resident in Hong Kong.

Our Company’s business operations and assets are primarily located outside Hong Kong. Our Company’s executive Directors are based in the PRC as our Board believes it is more effective and efficient for our executive Directors to be based in a location where our substantial operations are located. Our Company therefore does not, and in the near future will not, maintain management presence in Hong Kong.

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

- (1) We have appointed Mr. Huang Zhiwen (黃志文) (“Mr. Huang”), our executive Director, deputy general manager and a joint company secretary, and Ms. Tang Ka Yan (鄧嘉欣) (“Ms. Tang”), our another joint company secretary as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. They will serve as the principal channel of communication with the Stock Exchange and make themselves readily available to communicate with the Stock Exchange. Each of Mr. Huang and Ms. Tang can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange. The contact details of our authorized representatives have been provided to the Stock Exchange.
- (2) All Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange. In addition, each Director has provided his/her contact details, including mobile phone numbers, office phone numbers, fax numbers and email addresses, to the extent possible, to our authorized representatives and to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact of the Directors. Both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. In the event that a Director expects to be traveling or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation or other contact information to our authorized representatives to ensure that each of our authorized representatives will be able to contact all our Directors promptly at all times if and when the Stock Exchange wishes to contact our Directors.
- (3) We have appointed Rainbow Capital (HK) limited as our compliance advisor in accordance with Rule 3A.19 of the Listing Rules, which will serve as an additional and alternative channel of communication with the Stock Exchange in addition to our authorized representatives. The compliance advisor will have reasonable access, at all times during the term of their appointment, to our authorized representatives, Directors and other officers of our Company, participate in the communication between the Stock Exchange and our Company and answer inquiries from the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

- (4) Any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or our compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor.
- (5) We intend to retain our Hong Kong legal advisors on on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual’s “relevant experience”:

- (1) length of employment with the issuer and other issuers and the roles he/she has undertaken;
- (2) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (3) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (4) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Huang as one of our joint company secretaries. Mr. Huang possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In his capacity as an executive Director and deputy general manager of our Company, Mr. Huang has actively participated in the preparation of the application for the [REDACTED] and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Mr. Huang’s expertise and backgrounds, our Directors consider that Mr. Huang is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Mr. Huang currently does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on his own, we have appointed Ms. Tang, associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules to act as the other company secretary and to work closely with and provide assistance to Mr. Huang for an initial period of three years commencing from the [REDACTED].

The following arrangements have been, or will be, put in place to assist Mr. Huang in acquiring the qualifications and experience as the joint company secretaries of our Company required under Rules 3.28 and 8.17 of the Listing Rules:

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

- (1) In the course of the preparation of the application for the [REDACTED], Mr. Huang has been provided with a memorandum and has attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisors.
- (2) In addition to the minimum training requirements under Rule 3.29 of the Listing Rules, our Company will ensure that Mr. Huang continues to have access to relevant training and support to familiarize himself with the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that Mr. Huang and Ms. Tang will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.
- (3) Ms. Tang will assist Mr. Huang to acquire the “relevant experience” as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge their duties as company secretaries. Mr. Huang will be assisted by Ms. Tang for an initial period of three years commencing from the [REDACTED]. As part of the arrangement, Ms. Tang will act as one of the joint company secretaries and communicate regularly with Mr. Huang on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. She will also assist Mr. Huang in organizing Board meetings and Shareholders’ meetings as well as other matters of our Company which are incidental to the duties of a company secretary.
- (4) Our Company has appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange and provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange has [granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Tang ceases to provide such assistance or ceases to meet the requirements under Rule 3.28 of the Listing Rules, or if there are material breaches of the Listing Rules by our Company during the three-year period from the [REDACTED]. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Huang, having had the benefit of Ms. Tang’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors and Senior Management” for the biographical details of Mr. Huang and Ms. Tang.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Chen Xi (陳曦)	1A7A Mingzhu Liyuan Community No. 4363 Dongbin Road, Nanshang Street Nanshan District Shenzhen Guangdong Province PRC	Chinese
Mr. Shi Guangtao (師廣濤)	Room 102, Building 108 Xinnan Huayuan No.2 Village Minhang District Shanghai PRC	Chinese
Mr. Huang Zhiwen (黃志文)	24C, Building 1 Bohai Mingyuan Community Nanshan District Shenzhen Guangdong Province PRC	Chinese
<i>Non-executive Director</i>		
Ms. Zhao Wentao (趙文桃)	Room 301, Unit 6 Building 6, Courtyard No.1 Huayuan Road A Haidian District Beijing PRC	Chinese
<i>Independent non-executive Directors</i>		
Ms. Liang Yunxing (梁運星)	Room 1307, Building 1 Zhengdong Mingyuan Community Nanshan District Shenzhen Guangdong Province PRC	Chinese
Prof. Huang Hui (黃輝)	Unit 10A, University Residence 12 Chinese University of Hong Kong Shatin New Territories Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Mr. Liu Zhixiang (劉志翔)	Room 201, Unit 1 Waitan Mingzhu Building 8 Dali City Yunnan Province PRC	Chinese

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

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

[REDACTED]

Legal Advisors to the Company

As to Hong Kong law and U.S. law:
Baker & McKenzie
14/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	<i>As to PRC law:</i> AllBright Law Offices (Shenzhen) 21, 22, 23/F, Tower 1, Excellence Century Center FuHua 3 Road Futian District, Shenzhen PRC <i>As to International Sanctions law:</i> Commerce & Finance Law Offices 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing PRC
Legal Advisors to the Sole Sponsor and [REDACTED]	<i>As to Hong Kong law:</i> Tian Yuan Law Firm LLP Suites 3304-3309, 33/F, Jardine House One Connaught Place Central Hong Kong <i>As to PRC law:</i> Han Kun Law Offices 20/F, Kerry Plaza Tower 3, 1-1 Zhongxinsi Road Shenzhen, PRC
Auditor and Reporting Accountant	Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditors</i> 27/F One Taikoo Place 979 King’s Road Quarry Bay Hong Kong
Industry Consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. 2504, Wheelock Square 1717 West Nanjing Road Shanghai PRC [REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Room 201, Block D, Building 7 Shenzhen International Innovation Valley Dashi 1st Road Xili Community, Xili Sub-district Nanshan District Shenzhen Guangdong Province PRC
Headquarters and Principal Place of Business in the PRC	Room 201, Block D, Building 7 Shenzhen International Innovation Valley Dashi 1st Road Xili Community, Xili Sub-district Nanshan District Shenzhen Guangdong Province PRC
Principal Place of Business in Hong Kong	Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	<u>www.evachip.com</u> <i>(the information contained on the website does not form part of this document)</i>
Joint Company Secretaries	Mr. Huang Zhiwen (黃志文) 24C, Building 1 Bohai Mingyuan Community Nanshan District Shenzhen Guangdong Province PRC Ms. Tang Ka Yan (鄧嘉欣) <i>(A fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Huang Zhiwen (黃志文) 24C, Building 1 Bohai Mingyuan Community Nanshan District Shenzhen Guangdong Province PRC

CORPORATE INFORMATION

Ms. Tang Ka Yan (鄧嘉欣)

(A fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Audit Committee

Ms. Liang Yunxing (梁運星) (*Chairlady*)
Prof. Huang Hui (黃輝)
Ms. Zhao Wentao (趙文桃)

Remuneration Committee

Prof. Huang Hui (*Chairman*)
Mr. Liu Zhixiang (劉志翔)
Mr. Chen Xi

Nomination Committee

Mr. Chen Xi (*Chairman*)
Ms. Liang Yunxing
Mr. Liu Zhixiang

Compliance Advisor

Rainbow Capital (HK) Limited
Office No. 710, 7/F
Wing On House
No. 71 Des Voeux Road Central
Central
Hong Kong

[REDACTED]

Principal Banks

Bank of China Shenzhen Qiaoxiang Branch

No. 2041 Qiaoxiang Road
Futian District, Shenzhen
Guangdong Province
PRC

**Industrial and Commercial Bank of China
Shenzhen Gaoxinyuan South Area Branch**

2/F, Hi-tech Zone Comprehensive Service Building
No. 30 Gaoxin South 4th Road
Nanshan District, Shenzhen
Guangdong Province
PRC

China Merchants Bank Shenzhen Xili Branch

1/F, Dingxin Building, Shahe West Road
Nanshan District, Shenzhen
Guangdong Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the [REDACTED]. We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] or any of our or their respective directors, senior management, representatives or any other person involved in the [REDACTED] and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the F&S Report about, the display chip, and sensing-control chip market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB500,000 to Frost & Sullivan, which we believe to be consistent with market rates.

In compiling and preparing the F&S Report, Frost & Sullivan conducted (1) primary research includes interviewing industry participants, competitors, downstream customers and recognized third-party industry associations; and (2) secondary research includes reviewing corporate annual reports, databases of relevant official authorities, as well as the exclusive database established by Frost & Sullivan over the past decades. The market projections in the F&S Report are based on the following key assumptions during the forecast period: (i) the social, economic and political conditions in Chinese markets discussed will remain stable during the forecast period, (ii) government policies on China display chip and sensing-control chip market will remain consistent during the forecast period, and (iii) display chip and sensing-control chip market will be driven by the factors which are stated in the F&S Report.

All the data and forecasts contained in this section are derived from the F&S Report. The commissioned report has been prepared by Frost & Sullivan independently without the influence from the Company or other interested parties. Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the F&S Report, which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE SEMICONDUCTOR CHIP INDUSTRY

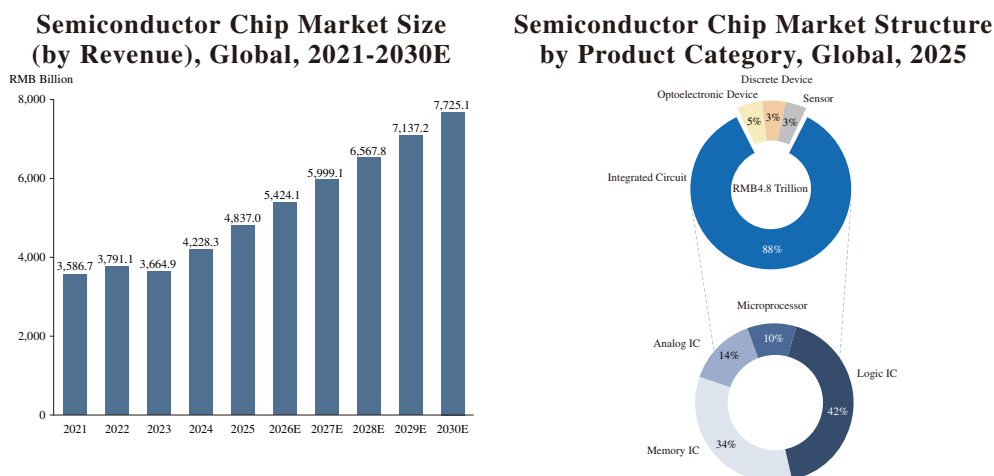
Classification and Market Overview of the Semiconductor Chip Industry

Driven by continued technological iteration and advancement across the electronics industry, the global semiconductor chip market has maintained steady expansion, with market size increasing from RMB3.6 trillion in 2021 to RMB4.8 trillion in 2025. Looking ahead, the global semiconductor chip market is expected to continue expanding, supported by rising demand for high-performance electronic components and systems across consumer electronics, automotive, robot and industrial applications. The market is forecast to reach RMB7.7 trillion by 2030, representing a CAGR of 9.2% from 2026 to 2030.

From the perspective of functional positioning, semiconductor chips are generally classified into four major categories: ICs, optoelectronic devices, discrete devices and sensors. Among these, ICs perform critical functions including information processing and transmission, computational control, data storage and power management, forming the technological backbone of intelligent and high-performance electronic systems. In 2025, integrated circuits accounted for approximately 88% of the global semiconductor market. ICs are further categorised into logic ICs, analog ICs, memory ICs and microprocessors. The display chip market and sensing-control chip market in which the Company

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operates are mainly positioned within the ICs and sensors. Within the display chip market, scalers and STDI are classified as microprocessors, with TDDI falling under analog ICs, while touch ICs and TMCU products within the sensing-control chip market are classified as sensors and microprocessors, respectively.



Source: Frost & Sullivan, Semiconductor Industry Association, World Semiconductor Trade Statistics

DISPLAY CHIP INDUSTRY ANALYSIS

Definition and Classification of Display Chips

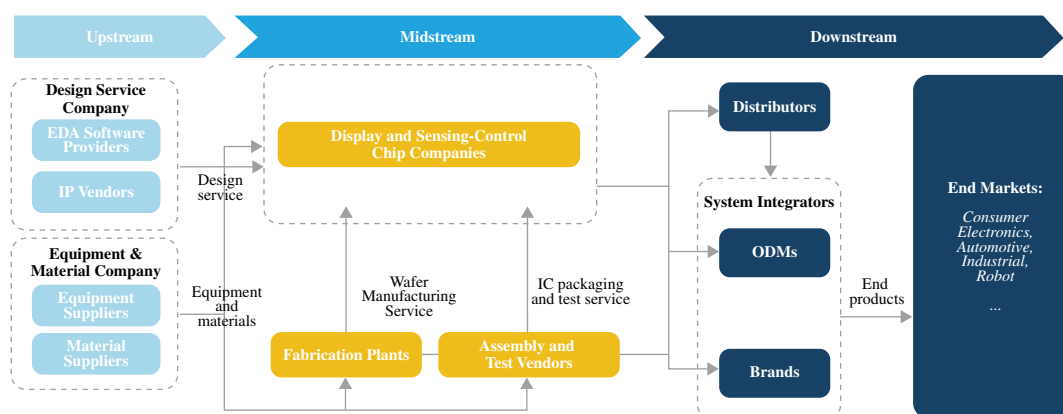
Display chips are the core control and processing units within display systems, responsible for receiving, processing and outputting image signals, driving display panels to complete image rendering, and connecting upstream image-signal sources with downstream display modules. As terminal display resolutions improve and device form factors diversify, display chips have undertaken increasing image-computing and control tasks within system architectures, becoming a key foundation for enhancing display performance and user experience. Functionally, they mainly include scaler chips, display driver chips and other display chips: scaler chips handle video-signal parsing, scaling and optimization to provide high-quality image input; display driver chips convert digital signals into voltage or current signals to drive pixels and enable image visualization; and other display chips, such as TCON, local dimming chips and SerDes, perform auxiliary functions including signal coordination and transmission optimization. In 2025, the global display chip market exceeded RMB100 billion, becoming a key support for the intelligent development of consumer electronics, automotive, robot and industrial sectors.

Display Chip Industry Value Chain

The value chain of display chips consists of upstream, midstream and downstream segments. The upstream segment includes suppliers of EDA tools, equipment and materials supporting chip design and manufacturing. The midstream segment comprises display chip companies focusing on design and sales while outsourcing manufacturing and packaging and testing to foundries and OSAT providers. The downstream segment includes distributors, system integrators and terminal-brand manufacturers that bring products to diverse end applications.

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Display Chip Industry Value Chain



Source: Frost & Sullivan, Semiconductor Industry Association, World Semiconductor Trade Statistics

Classification and Applications of Scalers

Scalers are critical units in smart display systems that receive, process and output image signals, enabling high-quality rendering and visual optimization. Through format conversion, scaling and image-quality adjustment, they support precise display control and adaptive content presentation.

Based on downstream applications, scalers are classified into traditional scalers for LCD modules and emerging scalers for OLED, Mini LED and other new display devices. In addition, based on how display-control functions are implemented at the chip level, scalers are generally classified into ASIC scalers and FPGA scalers. ASIC scalers implement core display-control and display-processing functions as fixed-function, application-specific hardware logic at the chip design stage. Key functions such as scaling, signal conversion, image processing and timing control are hardwired into dedicated circuits, allowing the overall chip architecture, data paths and resource allocation to be optimised from the outset for display-control applications. In contrast, FPGA scalers are developed based on a general-purpose, reconfigurable logic architecture. Rather than being designed specifically for display control, FPGA devices rely on programmable logic resources that are configured after fabrication to realise scaler functions alongside other potential applications. Compared with general-purpose FPGA architectures, ASIC scalers deliver higher efficiency and performance due to their purpose-built design, offering faster processing speed, lower power consumption, greater stability and lower mass-production costs. As a result, the market share of ASIC scalers is expected to continue increasing.

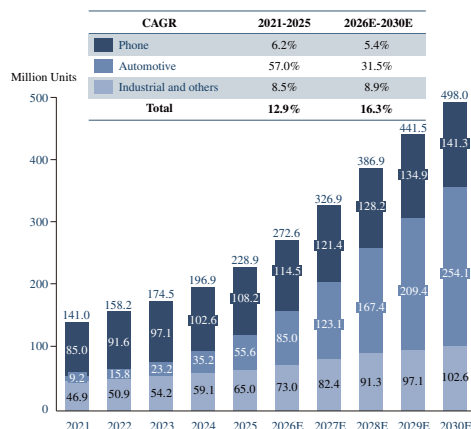
Market Size of Scalers

From a market-size perspective, the global scaler market has continued to grow, driven by emerging display technologies and the expansion of the smartphone repair market. Shipments increased from 141.0 million units in 2021 to 228.9 million units in 2025, and are expected to reach 498.0 million units in 2030 amid ongoing display upgrades. Over the same period, the market share of ASIC scalers is projected to rise from 37.6% to 45.7%.

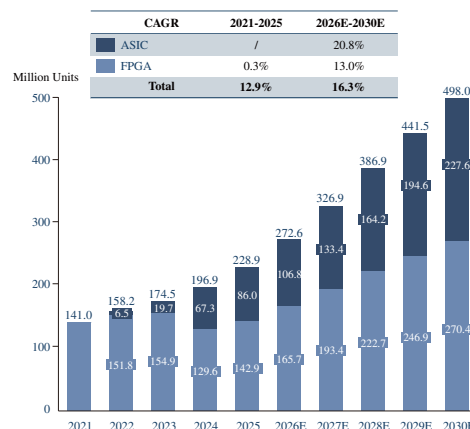
From the perspective of downstream applications, demand for scalers mainly comes from smartphones, automotive and other sectors. In smartphones, scalers are primarily used in the aftermarket repair and refurbishment segment for signal-protocol conversion across different screen models, with shipments expected to increase from 108.2 million units in 2025 to 141.3 million units in 2030. In automotive applications, driven by the adoption of smart cockpits and multi-screen display systems, shipments are projected to rise from 55.6 million units to 254.1 million units over the same period. In industrial and other fields, including industrial displays and projectors, shipments are expected to grow from 65.0 million units in 2025 to 102.6 million units in 2030.

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**Global Scaler Market Size
(by Shipments), by Downstream Application,
2021-2030E**



**Global Scaler market Size
(by Shipments), by Product Category,
2021-2030E**



Source: Frost & Sullivan, Semiconductor Industry Association, World Semiconductor Trade Statistics

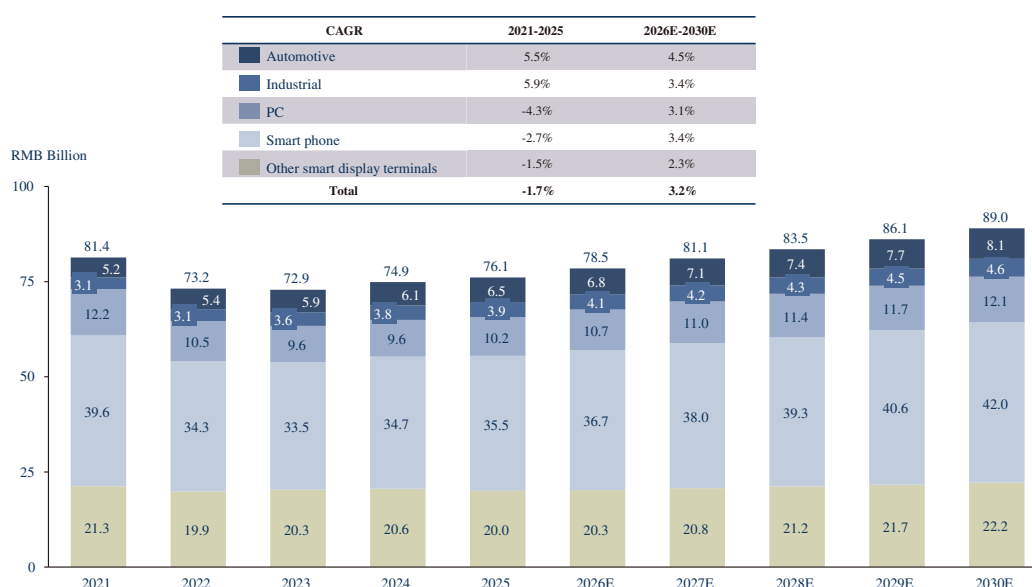
Market Overview of Display Driver Chips

Display driver chips convert control signals into pixel-driving signals, enabling final image output and determining display quality through precise voltage and current control. Based on their architectural design and level of functional integration, display driver chips can generally be classified into DDIC, TDDI and STDI. DDIC represents the conventional display-driving chip products and is broadly applied in terminals requiring display functions, including smartphones, PCs, automotive display systems and industrial devices. TDDI adopts an architecture that integrates display-driving and touch-sensing functions within a single chip and is primarily used in smart display devices requiring touch interaction, thereby helping downstream terminal manufacturers reduce system complexity, save board space and improve power efficiency as compared with discrete-chip products. STDI, by contrast, is designed under a more highly integrated architecture that combines display-driving, touch-sensing, scaler and certain image-processing functions within a single-chip products, and is primarily applied in intelligent display terminals requiring display, touch and image-processing capabilities, including smartphones, automotive display systems and other small-sized smart terminal devices. As smart display terminal devices continue to evolve toward thinner and lighter form factors, higher integration, lower power consumption and better display performance, downstream demand is increasingly shifting toward more integrated display driver chip products, which is expected to support the gradual penetration of TDDI and STDI in relevant application scenarios over time.

From a market perspective, the global display driver chip market reached RMB76.1 billion in 2025 and is expected to grow at a CAGR of 3.2% from 2026 to 2030, reaching RMB89.0 billion, supported by AI integration and ongoing display upgrades. From a downstream application perspective, smartphones remain the largest end market for display driver chips, with market size expected to reach RMB42.0 billion by 2030. Automotive is emerging as a key growth segment, driven by increasing display penetration and screen upgrades in vehicles, and is projected to grow at a CAGR of 4.5% from 2026 to 2030, reaching RMB8.1 billion by 2030. Meanwhile, the industrial segment is also expected to expand steadily, supported by broader applications in industrial control and display systems, and is projected to grow at a CAGR of 3.4% over the same period, reaching RMB4.6 billion by 2030.

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Global Display Driver Chips Market Size (by Revenue), 2021-2030E



Source: Frost & Sullivan, the Society for Information Display

Development Trends of the Display Chip Industry

- Advancement in display performance and integration.** Display technologies are evolving toward higher resolution, higher refresh rates and lower power consumption, driving improvements in image quality and energy efficiency. In response, scaler chips continue to enhance signal decoding and image optimization capabilities, while TDDI is progressing toward STDI architectures that integrate display, touch and image-processing functions into a single chip. Higher integration improves coordination, reduces space and power consumption, and increases design flexibility for smartphones, wearable devices and in-vehicle displays.
- Enhancement of intelligent capabilities and user experience.** Display chips are becoming more intelligent through embedded AI and algorithm optimization, enabling content recognition and adaptive adjustment. By integrating video and touch signals more deeply, they improve interaction responsiveness and visual immersion, supporting overall upgrades in display performance, energy efficiency and user experience.

Driving Factors of the Display Chip Industry

- Demand growth driven by rising terminal shipments and increasing per-device chip content.** Demand for display chips and sensing-control chips increases as a result of rising terminal device shipments and higher chip usage per device. On the one hand, growth in terminal device shipments directly drives demand, supported by expanding replacement demand as existing products undergo performance upgrades, as well as incremental demand generated by the penetration of emerging terminal products that were previously absent or limited in scale. On the other hand, demand is further driven by increasing chip usage per device: as display demand and sensing-control demand rise, terminal products that previously did not require display or sensing-control functions increasingly incorporate such functions, and as devices become more intelligent, they integrate more screens, interfaces and sensing capabilities, resulting in higher per-device usage of display chips and sensing-control chips.
- Market upgrading and product-value enhancement driven by AMOLED penetration, display-technology iteration and architectural upgrades.** The penetration rate of AMOLED displays increased from 3.9% in 2021 to 8.2% in 2025, and is expected to reach 17.5% by 2030. The continued penetration of AMOLED displays is driving demand growth for display chips through both performance upgrading and application expansion. Compared with traditional

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LCD displays, AMOLED displays generally impose higher requirements on display effect, response speed, power efficiency and system coordination, thereby driving demand for higher-performance display chips, in particular display driver chips with stronger signal control, power management and display optimization capabilities. At the same time, as AMOLED is more widely adopted in premium smartphones and other higher-end smart terminal devices, downstream manufacturers are placing greater emphasis on thinner and lighter form factors, better image quality, higher refresh rates and lower power consumption, which in turn promotes the adoption of more integrated display chip products such as TDDI and STDI, and supports product-value enhancement and ASP uplift of relevant chips. In addition, the expansion of AMOLED into a broader range of smart terminal applications is also enlarging the addressable demand base for display chips. Meanwhile, the penetration of Mini LED and Micro LED, together with broader display-technology iteration and architectural upgrades, is further increasing requirements on brightness control, image optimization, signal processing and intelligent calibration, thereby supporting continued value enhancement across display driver chips and scalars. As edge intelligence accelerates, display chips are also evolving toward higher performance and greater integration, with AI algorithms and system-level optimization further enhancing chip value and application versatility.

SENSING-CONTROL CHIP INDUSTRY ANALYSIS

Market Overview of Sensing-Control Chips

Sensing-control chips are critical components in terminal devices responsible for signal acquisition, perception processing and control-command output. They convert environmental information into processable electrical signals and, through integrated multimodal sensing circuits and intelligent algorithms, perform real-time detection, recognition and processing of user inputs or external signals. With the adoption of AI and AIoT technologies, their functions are evolving from single-mode detection to intelligent perception and adaptive interaction, becoming a foundational hardware layer for intelligent terminals. Functionally, they are divided into (i) sensing chips, represented by touch ICs, which enable multi-point touch, pressure sensing and input feedback across smartphones, TWS earphones, AR/VR, in-vehicle displays and smart home devices, and (ii) control chips, represented by MCUs, which perform fused computation and output of control commands. MCUs can be further divided into automotive-grade and non-automotive-grade, with the former applied in automotive electronic systems requiring extremely stringent safety and stability.

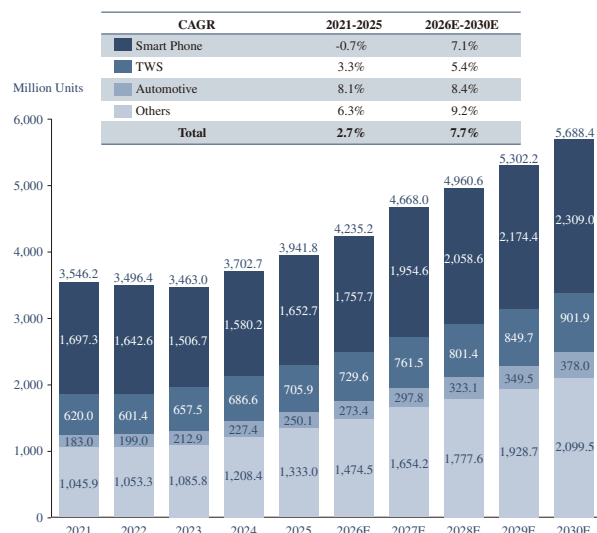
Market Size of Touch ICs

From a market size perspective, the global touch ICs market has maintained steady growth alongside the expansion of smartphones, TWS earphones, automotive electronics and other smart terminals. Global shipments increased from 3.5 billion units in 2021 to 3.9 billion units in 2025 and are expected to further rise to 5.7 billion units by 2030, representing a CAGR of 7.7% from 2026 to 2030. From a downstream perspective, smartphones remain the largest application market, with shipments increasing from 1.7 billion units in 2025 to an expected 2.3 billion units by 2030. The TWS earphone segment is projected to grow from 0.7 billion units in 2025 to 0.9 billion units by 2030. Automotive electronics is emerging as a fast-growing segment, with shipments expected to increase from 0.3 billion units in 2025 to 0.4 billion units by 2030. Other applications, including smart speakers, AR/VR devices and smart-home equipment, are also expected to expand over the same period.

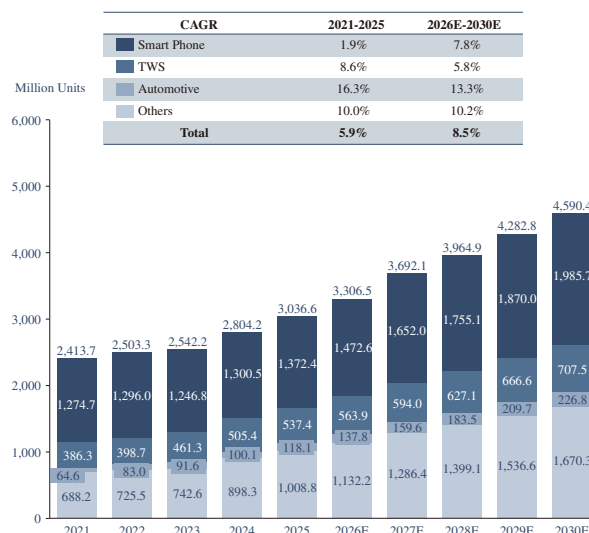
China, as the world's largest consumer electronics manufacturing and consumption base, represents the largest touch ICs market globally. From a downstream structure perspective, the Chinese market is broadly consistent with the global landscape, with smartphones accounting for the largest share and the automotive segment exhibiting the fastest growth momentum.

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**Market Size of Touch ICs
(by Shipments), by Downstream Applications,
Global, 2021-2030E**



**Market Size of Touch ICs
(by Shipments), by Downstream Applications,
China, 2021-2030E**



Source: Frost & Sullivan, Semiconductor Industry Association, World Semiconductor Trade Statistics

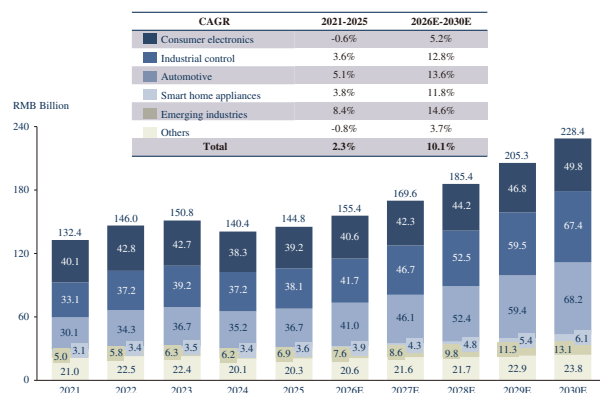
Market Overview of the MCU Sector

MCUs are highly integrated embedded control chips composed of a central processing unit, memory, input-output ports and timers, and perform computation, control and signal interaction functions. With low power consumption, small size and high integration, they serve as the computing and execution core of intelligent control systems and are widely used in consumer electronics, automotive, robotics and industrial fields. Among these, automotive has become the fastest-growing segment. Automotive-grade MCUs must comply with standards such as AEC-Q100 and ISO 26262 and possess wide-temperature tolerance, anti-interference capability and high functional safety. In line with the development of smart cockpits and human-machine interaction, MCU functionality is extending into the touch-sensing domain, giving rise to automotive-grade touch-control MCUs that integrate touch detection, capacitive sampling and signal processing within an MCU architecture.

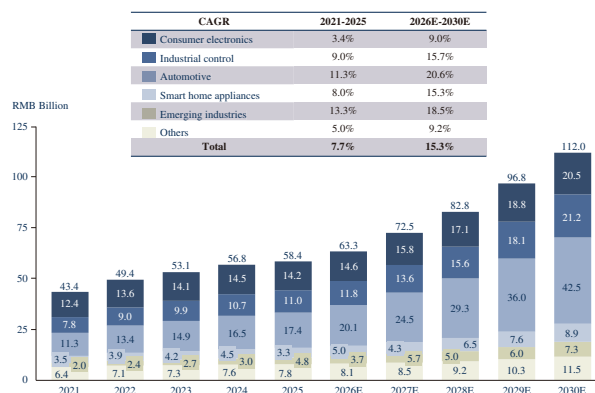
From a market perspective, the global MCU market increased from RMB132.4 billion in 2021 to RMB144.8 billion in 2025 and is expected to reach RMB228.4 billion by 2030, representing a CAGR of 10.1% from 2026 to 2030. Among segments, automotive-grade MCUs represent a key growth driver globally and are expected to grow at a CAGR of 13.6% from 2026 to 2030, supported by the increasing electrification and intelligence of vehicles, while within non-automotive MCUs, emerging application areas are expected to grow at a CAGR of 14.6%. China, as the largest MCU market, saw its market size grow from RMB43.4 billion in 2021 to RMB58.4 billion in 2025 and is projected to reach RMB112.0 billion by 2030, representing a CAGR of 15.3% from 2026 to 2030; within this, automotive-grade MCUs increased from RMB11.3 billion in 2021 to RMB17.4 billion in 2025 and are expected to reach RMB42.5 billion by 2030, representing a CAGR of 20.6% from 2026 to 2030, while within non-automotive MCUs, emerging application areas are expected to grow at a CAGR of 18.5% over the forecast period.

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**Market Size of MCU (by Revenue),
by Downstream Applications, Global,
2021-2030E**



**Market Size of MCU (by Revenue),
by Downstream Applications, China,
2021-2030E**



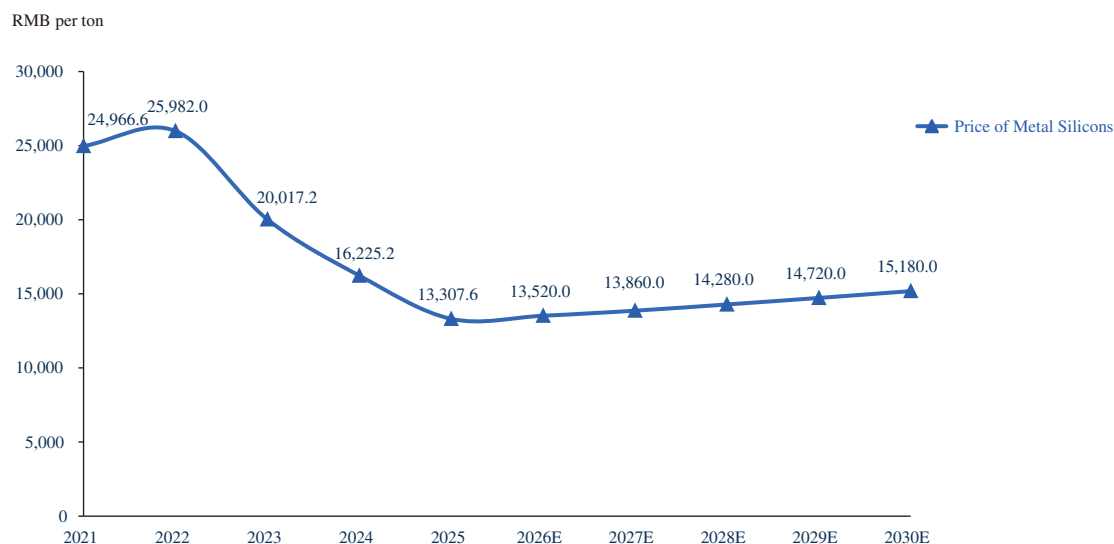
Source: Frost & Sullivan, Semiconductor Industry Association, World Semiconductor Trade Statistics

Cyclical Characteristics and Price Trend of raw materials of the Global and China Display Chip and Sensing-control Chip Industry

The Company operates under a fabless business model and does not directly procure or process raw materials. Accordingly, in relation to raw material price trends, the Company refers to the prices of key raw materials used by wafer foundries.

The price fluctuations of raw materials observed during 2021–2022 were primarily driven by a temporary imbalance between supply and demand. From the demand side, the rapid development of downstream industries led to a sharp increase in overall semiconductor demand, which in turn increased order volumes placed with wafer foundries and their procurement of raw materials. During this period, the large-scale adoption of electric vehicles and the acceleration of automotive electrification and intelligence significantly increased semiconductor content per vehicle, thereby amplifying overall semiconductor demand. In addition, heightened geopolitical uncertainties prompted certain downstream customers to place advance orders and build inventory beyond near-term production needs, further intensifying short-term demand pressure along the semiconductor supply chain. From the supply side, semiconductor manufacturing capacity is structurally concentrated among a limited number of leading wafer foundries, and pandemic-related disruptions constrained the ability of certain foundries to release capacity in a timely manner. The combination of rapidly increasing demand and constrained supply resulted in tight supply conditions at the wafer fabrication level, which were transmitted upstream and contributed to elevated raw material prices.

Price of Metal Silicon #533-2202#, China, 2021-2030E



INDUSTRY OVERVIEW

Source: Frost & Sullivan

In terms of the Group’s operating and financial performance, fluctuations in raw material prices do not have a significant direct impact on the Group’s operating and financial performance. Although raw material prices in the semiconductor industry are influenced by overall market supply-and-demand conditions, such fluctuations mainly reflect broader industry-level dynamics rather than factors directly affecting the Group’s operating and financial performance. For the Group, its operating and financial performance is primarily driven by supply-and-demand conditions within its specific product segments, particularly demand from downstream customers for the Group’s products, rather than by short-term volatility in raw material prices. Accordingly, changes in raw material prices do not have a direct or material impact on the Group’s operating and financial performance, as the Group’s operating and financial performance is mainly determined by demand dynamics in its targeted application areas and end markets.

Analysis of Driving Factors and Development Trends of Sensing-Control Chips

- **Rapid development of downstream application fields.** The advancement of automotive electrification, intelligence and connectivity, together with the rapid emergence of robots, is significantly increasing demand for sensing-control chips. In the automotive sector, interaction is shifting toward multimodal sensing integrated with intelligent decision-making, requiring fused recognition of touch, voice, vision and other signals for smart cockpits and driver assistance. In the robot sector, expanding applications drive greater needs for multi-sensor fusion and dynamic control. Enabled by high-precision sampling, signal fusion and low-latency processing, these capabilities are collectively driving the sustained growth of sensing-control chips across both sectors.
- **Accelerated adoption of touch-based intelligent terminal devices.** In smartphones, wearable devices and other terminals, user interaction and device control are transitioning from single-input modes to multimodal fusion and edge-intelligent computation. Sensing-control chips integrate multiple sensing algorithms—such as voice recognition, ambient-light detection and gesture tracking—to achieve more natural human-machine interaction and environmental adaptability. Meanwhile, the lightweight deployment of AI models enables sensing-control chips to perform local inference and self-learning, providing the foundation for low-power, high-response and highly reliable interaction control in intelligent terminals.

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Display Chips and Sensing-Control Chips under the Rapid Development of AI

AI has evolved from early discriminative learning to perception intelligence and further to generative intelligence centred on large models, with deployment gradually extending from the cloud to edge and terminal devices. Under this shift toward terminal-side intelligence, smart terminal devices are upgrading toward stronger perception, real-time interaction and system-level integration, forming the fundamental basis for sustained demand growth for display chips and sensing-control chips.

Demand for display chips and sensing-control chips is driven by the combined effects of growth in terminal device shipments and increasing chip content per device in downstream applications. First, shipment growth directly drives demand and is attributable to replacement demand and incremental demand. Replacement demand continues to expand as terminal products undergo performance upgrades and replacement cycles shorten. Global smartphone shipments are expected to increase from approximately 1.3 billion units in 2025 to 1.5 billion units in 2030; TWS earbud shipments from 0.5 billion units to 0.6 billion units; AR/VR shipments from 16.7 million units to 82.2 million units; and global automotive shipments from 90.9 million units to 97.0 million units over the same period. In addition, the global robot market size is projected to increase from RMB579.0 billion in 2025 to RMB976.9 billion in 2030. At the same time, incremental demand is supported by the rapid penetration of emerging intelligent terminals. AI smartphone shipments are expected to increase from 0.3 billion units in 2025 to 1.2 billion units in 2030, with penetration rising from 21.1% to 78.3%. AI earphone shipments are forecast to grow from 11.2 million units to 0.1 billion units, with penetration increasing from 2.4% to 26.5%. The penetration rate of smart vehicles is projected to rise from 20.1% to 42.6%, AR/VR devices with AI capabilities from 33.9% to 83.6%, and embodied intelligence devices from 0.9% to 21.0%, thereby expanding the downstream market. Second, demand is further driven by increasing chip usage per device. As terminal devices integrate more display, sensing and control functions, display chips and sensing-control chips are adopted more broadly and deployed in greater quantities per device, supporting sustained market expansion.

COMPETITION ANALYSIS OF THE COMPANY’S INDUSTRY

Overview of the Competitive Landscape

The global display chip and sensing-control chip markets exhibit a multi-track and fragmented competitive landscape due to the diversity of product categories and application scenarios. Display chips encompass multiple sub-segments—including scaler, display driving, timing control, SerDes and backlight dimming—each with different competitive dynamics. Among these, the scaler market, which is the Company’s primary focus, has a relatively higher level of market concentration and is mainly dominated by companies with core capabilities in algorithms, signal processing and system compatibility. Leveraging its technological innovation in architecture design and multi-interface compatibility, the Company has established a leading position in this sub-segment.

In addition, in the sensing-control chip field—including sub-segments such as touch ICs and MCUs—the market has long been dominated by overseas manufacturers, resulting in relatively high overall concentration. Looking ahead, as domestic manufacturers continue to make breakthroughs in low-power design, algorithm optimization and standard certification, and as product performance and stability continue to improve, they are gradually entering the supply chains of major international brands. This trend is expected to gradually reshape the industry’s competitive landscape.

The Company’s Market Ranking

In 2025, the global scaler market exhibited a highly concentrated competitive landscape, with the top five suppliers collectively accounting for approximately 69.6% of the market share. Among them, the Company accounted for a market share of 20.5% with a shipment volume of 47.0 million units and ranked first globally, underscoring its market-leading position. In terms of sales revenue, the top five suppliers collectively accounted for approximately 76.8% of the market share. Among them, the Company, with a sales revenue of RMB250.4 million, represented a 8.7% market share and ranked fourth globally.

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Ranking and Market Share of Scaler Providers (by Shipments), Global, 2025

Ranking	Company Name	Shipments (million units)	Market Share (%)
1.	The Company	47.0	20.5
2.	Company A	46.0	20.1
3.	Company B	32.3	14.1
4.	Company D	17.9	7.8
5.	Company C	16.1	7.0
	Others	69.6	30.4
	Total	228.9	100.0

Source: Frost & Sullivan, Companies' Annual Report

Notes:

- (1) Company A is a listed company established in 1983 and headquartered in Oregon, USA. It focuses on low-power FPGA and other programmable devices, with applications in communications, industrial control, automotive and consumer electronics. Its clients mainly include major global system manufacturers and OEMs.
- (2) Company B is a private company established in 2017 and headquartered in Beijing, China. It focuses on the R&D and sales of low-power FPGA and small-form-factor programmable devices, with applications in industrial control, communications equipment, security and consumer devices. Its clients mainly include domestic system manufacturers and smart-device suppliers.
- (3) Company C is a listed company established in 2011 and headquartered in Shanghai, China. It focuses on the R&D and sales of FPGA, programmable SoCs, and development tools, with applications in industrial control, video processing, communications and automotive electronics. Its clients mainly include industrial equipment manufacturers and equipment vendors.
- (4) Company D is a private company established in 2009 and headquartered in Taiwan, China. It focuses on the R&D and sales of display and touch controller IC products, as well as customized IC design and solution development for human-machine interface applications. Its clients mainly include display module manufacturers and downstream solution integrators.

Ranking and Market Share of Scaler Providers (by Revenue), Global, 2025

Ranking	Company Name	Revenue (RMB million)	Market Share (%)
1.	Company A	911.3	31.6
2.	Company B	539.4	18.7
3.	Company C	269.4	9.3
4.	The Company	250.4	8.7
5.	Company E	246.0	8.5
6.	Company D	115.2	4.0
	Others	553.7	19.2
	Total	2,885.5	100.0

Source: Frost & Sullivan, Companies' Annual Report

Note:

- (1) Company E is a private company established in 2014 and headquartered in Guangdong, China. It focuses on the R&D and sales of FPGA and programmable logic devices, with applications in industrial control, communications, consumer electronics and automotive electronics. Its clients mainly include industrial equipment manufacturers, electronics manufacturers and solution providers.

From a product-segment perspective, the Company held a leading position in the ASIC scaler market, with a shipment volume of 47.0 million units, capturing 54.6% of the market share, ranking first globally. In terms of sales revenue, the Company accounted for 50.2% of the market share, with a sales revenue of RMB250.4 million, ranking first globally.

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Ranking and Market Share of ASIC Scaler Providers (by Shipments), Global, 2025

Ranking	Company Name	Shipments (million units)	Market Share (%)
1.	The Company	47.0	54.6
2.	Company D	17.9	20.9
	Others	21.1	24.5
	Total	86.0	100.0

Source: Frost & Sullivan, Companies' Annual Report

Ranking and Market Share of ASIC Scaler Providers (by Revenue), Global, 2025

Ranking	Company Name	Revenue (RMB million)	Market Share (%)
1.	The Company	250.4	50.2
2.	Company D	115.2	23.1
	Others	133.7	26.8
	Total	499.4	100.0

Source: Frost & Sullivan, Companies' Annual Report

In 2025, the global touch IC market was primarily dominated by established international semiconductor companies, which benefit from strong technological capabilities and broad customer resources, while domestic players have been gradually gaining market share driven by ongoing technological advancement and increasing demand from local consumer electronics markets. The top five players collectively accounted for approximately 56.5% of the total market share, indicating a relatively concentrated competitive landscape. Against this backdrop, the Company remained at an early stage of development, with a revenue of RMB2,969 thousand from its touch IC business in 2025, representing a market share of less than 1%. Looking ahead, as the Company continues to enhance its product capabilities and deepen customer penetration, it is expected to further expand its presence and gradually increase its market share.

Ranking and Market Share of Touch IC Providers, Global, 2025

Ranking	Company Name	Market Share (%)
1.	Company F	16.6
2.	Company G	12.4
3.	Company H	9.9
4.	Company I	9.8
5.	Company J	7.8
	The Company	<1

Notes:

- (1) Company F is listed company established in 1986 and headquartered in California, United States. It focuses on the R&D and sales of human interface solutions, including touch controller ICs, display driver ICs and related connectivity solutions, with applications in smartphones, personal computers and other consumer electronic devices. Its clients mainly include major global consumer electronics manufacturers and OEMs.
- (2) Company G is a listed company established in 1999 and headquartered in Neubiberg, Germany. It focuses on providing MCUs, sensors, analog ICs and other semiconductors and system solutions for the automotive, networking and computing markets. Its clients mainly include domestic and international display panel manufacturers and consumer electronics companies.
- (3) Company H is a listed company established in 2005 and headquartered in Taipei, China. It focuses on the R&D and sales of display driver ICs and touch controller ICs, including touch and display driver integration (TDDI) chips, with applications in smartphones and other display devices. Its clients mainly include display panel manufacturers and consumer electronics brands.

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- (4) Company I is a listed company established in 2002 and headquartered in Shenzhen, China. It focuses on the R&D and sales of capacitive touch controller ICs, fingerprint recognition chips and other human interface solutions, with applications in smartphones, tablets and other smart devices. Its clients mainly include domestic and international consumer electronics brands and module manufacturers.
- (5) Company J is a listed company established in 1989 and headquartered in Arizona, the United States. It focuses on the R&D and sales of microcontrollers, analog ICs and embedded control solutions, with applications in automotive, industrial, communications and consumer electronics. Its clients mainly include global OEMs and industrial customers.

In 2025, the global MCU market was primarily dominated by established international semiconductor companies, which benefit from strong technological capabilities, broad product portfolios and long-standing customer relationships, while domestic players have been gradually gaining market share driven by ongoing technological advancement and increasing demand for localization. The top five players collectively accounted for approximately 76.5% of the total market share, indicating a highly concentrated competitive landscape. Against this backdrop, the Company remained at an early stage of development, with a revenue of RMB3,177 thousand from its TMCU business in 2025, representing a market share of less than 1%. Looking ahead, as the Company continues to enhance its product capabilities and deepen customer penetration, it is expected to further expand its presence and gradually increase its market share.

Ranking and Market Share of MCU Providers, Global, 2025

Ranking	Company Name	Market Share
		(%)
1.	Company G	19.2
2.	Company K	16.6
3.	Company L	14.8
4.	Company M	14.6
5.	Company J	11.3
	The Company	<1

Notes:

- (1) Company K is a listed company on the Tokyo Stock Exchange, established in 2002 and headquartered in Tokyo, Japan, with major business operations in Asia-Pacific, Europe and North America. Its main products include microcontrollers, system-on-chips and analog devices, supporting a wide range of control and computing applications.
- (2) Company L is a listed company on Euronext Paris, established in 1987 and headquartered in Geneva, Switzerland, with major business operations in Europe, Asia-Pacific and the Americas. It specializes in MEMS sensors, automotive MCU, and power management ICs for ADAS, industrial robotics, and edge computing, etc.
- (3) Company M is a listed company on Nasdaq, established in 2006 and headquartered in Eindhoven, the Netherlands, with major business operations in Europe, Asia-Pacific and North America. It is primarily engaged in the design, manufacture, and sale of ICs and discrete devices. Its products are mainly used in the automotive, industrial and IoT mobile devices, and communication infrastructure sectors.

Business Model Analysis of Display Chip and Sensing-Control Chip Companies

Companies in the display chip and sensing-control chip industries generally commercialize their products through two principal models: standalone chip sales and solution-oriented sales. Under the standalone chip sales model, companies primarily provide standard or general-purpose chip products, which are sold to downstream customers for further system design, software adaptation and functional integration based on specific end-use requirements. This model is characterized by broader applicability and greater flexibility, and is suitable for customers with independent system integration capabilities.

Under the solution-oriented sales model, companies commercialize more highly integrated chips, or package multiple chips together with firmware, drivers, algorithms or other supporting software for specific application scenarios. Compared with standalone chip sales, this model can reduce system complexity, shorten customer development cycles and improve overall system performance, power efficiency and product adaptation to end-use scenarios. As downstream applications continue to evolve toward higher integration, better performance and faster product iteration, both models remain common in the industry and are adopted by companies depending on product characteristics and customer needs.

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Entry Barriers Analysis

The display chip and sensing-control chip industries are characterized by high entry barriers.

- **Technology barriers.** Display and sensing-control chips require strong capabilities in algorithm architecture, signal processing, power management and multimodal integration. Companies must sustain continuous innovation in analog and mixed-signal design, AI algorithms and SoC architecture, while balancing performance, cost and energy efficiency. Cross-domain integration across display driving, touch sensing and signal-chain processing is critical. Long verification cycles and high tape-out costs further raise technological thresholds, making rapid replication by new entrants difficult.
- **Supply chain barriers.** Chip production involves wafer fabrication, packaging and testing, with high coordination requirements across the value chain. Leading companies secure stable partnerships with foundries and OSAT providers to ensure capacity, cost control and delivery stability. As supply-chain localization advances, strong coordination with domestic ecosystems enhances resilience and competitiveness, forming structural entry barriers.
- **Brand and customer barriers.** Downstream customers in smartphones, automotive and industrial sectors impose strict requirements on reliability, validation and long-term support. High customization needs and rapid iteration demand strong commercialization capability and close collaboration. Established players benefit from mature mass-production systems, software adaptation capabilities and diversified product portfolios, resulting in high customer stickiness and switching costs.
- **Policy and regulatory barriers.** Rising requirements for safety, reliability and environmental compliance require adherence to standards such as ISO 26262, AEC-Q100, RoHS and REACH. Complex and lengthy certification processes impose high demands on quality management and supply stability, creating significant institutional barriers.

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MAIN PRC REGULATORY AUTHORITIES

We are mainly engaged in the R&D, design and sales of display chips and sensing-control chips. The main regulatory authority for our business activities in this industry is the MIIT, and the self-regulatory organization is the China Semiconductor Industry Association (the “Industry Association”). The MIIT and the Industry Association constitute the management system for the integrated circuit industry. Under the industrial macro-control of the main regulatory authority and the self-regulatory norms of the Industry Association, each integrated circuit company operates independently in the market and bears market risks on its own.

POLICIES ON INTEGRATED CIRCUIT INDUSTRY

Support Policies for the Integrated Circuit Industry

In June 2014, the State Council of the People’s Republic of China issued the Outline for Promoting the Development of the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), which states that the development goal of the integrated circuit industry is to reach an advanced international standard in the major segments of the integrated circuit industry chain by 2030, with a batch of companies entering the international first tier and achieving leapfrog development. One of the main tasks and development priorities is to focus on the development of integrated circuit design industry, and strengthen collaborative innovation in integrated circuit design, software development, system integration, content and services based on the industrial chain in key areas, so as to drive the development of the manufacturing industry with the rapid growth of the design industry.

In November 2016, the State Council issued the Notice of the State Council on Printing and Distributing the Plan for Development of the National Strategic Emerging Industries under the “13th Five-Year Plan” (國務院關於印發「十三五」國家戰略性新興產業發展規劃的通知), which launched a major productivity layout planning project for integrated circuits and provided for the implementation of a batch of projects with strong driving effects to promote the rapid improvement of industrial capabilities. It also called for the acceleration of the production lines construction for advanced manufacturing processes, memories and special processes, the improvement in the design and development capabilities and application levels of key products such as safe and reliable CPUs, digital-analog/analog-digital conversion chips, and digital signal processing chips, and the promotion of the rapid development of industries such as packaging and testing, key equipment and materials. It supports the improvement of the service levels of foundry companies and third-party IP core companies, the collaborative innovation between design companies and manufacturing companies, and facilitates the improvement of industrial concentration in key segments to promote the collaborative innovation of the semiconductor display industry chain.

In January 2017, the NDRC issued the Guidance Catalog of Key Products and Services in Strategic Emerging Industries (2016 Revision) (戰略性新興產業重點產品和服務指導目錄(2016版)). It clarifies eight industries in five major areas, which are further subdivided into 174 sub-directions under 40 key directions and nearly 4,000 subdivided products and services. Among which, integrated circuit chip products mainly include CPUs, MCUs, memories, digital signal processors, embedded CPUs, communication chips, digital TV chips, multimedia chips, information security and video surveillance chips, smart card chips, automotive electronic chips, industrial control chips, smart grid chips, micro-electro-mechanical system (“MEMS”) sensor chips, power control circuits and semiconductor power electronic devices, optoelectronic hybrid integrated circuits, etc.

In July 2020, the State Council announced Several Policies to Promote the High-Quality Development of the IC Industry and the Software Sectors in the New Era (新時期促進集成電路產業和軟件產業高質量發展若干政策). In order to further optimize the development environment of the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality, a series of support policies were introduced thereunder in aspects such as fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation.

In December 2021, the State Council issued the Notice of the State Council on Printing and Distributing the Plan for the Development of the Digital Economy under the “14th Five-Year Plan” (國務院關於印發「十四五」數字經濟發展規劃的通知), stating that during the “14th Five-Year Plan”

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period, the innovation capabilities of key technologies should be enhanced. It mandates the improvement of the basic R&D capabilities of digital technologies by targeting strategic and forward-looking fields such as sensors, quantum information, network communication, integrated circuits, key software, big data, artificial intelligence, blockchain and new materials, and giving full play to the advantages of China’s socialist system, the new national system, and the super-large-scale market; the focus on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and the strengthening of integrated research and development of general-purpose processors, cloud computing systems, and key software technologies by making up for key technical shortcomings as well as optimizing and innovating organizational methods such as “selecting the best candidates via open competition mechanism”. It also mandates that the competitiveness of key segments in the industrial chain should be enhanced, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

In June 2023, the MIIT, the Ministry of Education, the Ministry of Science and Technology, the MOF and the SAMR issued the Notice on Printing and Distributing the Implementation Opinions on Improving the Reliability of the Manufacturing Industry (關於印發〈製造業可靠性提升實施意見〉的通知). This document stipulates that in the electronics industry, efforts should be focused on improving the reliability levels of electronic components such as SoC/MCU/GPU and other high-end general-purpose chips for electronic complete machine equipment, wide-bandgap semiconductor power devices such as gallium nitride/silicon carbide, precision optical components, optical communication devices, new sensitive elements and sensors, highly adaptable sensor modules, Beidou chips and devices, chip RCL (resistors, capacitors and inductors) components, high-speed connectors, high-end radio frequency devices, high-end electromechanical components and LED chips.

In December 2023, the NDRC issued the Catalog for the Guidance of Industrial Structure Adjustment (2024 Revision) (產業結構調整指導目錄(2024年本)), in which integrated circuits are categorized into the 28th category: Information Industry under Class I: Encouraged Industries. The Company’s principal business is the R&D, design, and sales of display chips and sensing-control chips, which belong to the category under Class I: Encouraged Industries in this catalog.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

Company Laws and Regulations

The establishment, operation, and management of PRC entities are regulated by the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “PRC Company Law”), which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on December 29, 1993, last revised on December 29, 2023, and effective on July 1, 2024. Limited liability companies and joint stock limited companies established in the PRC shall be subject to the PRC Company Law. Unless otherwise provided by foreign investment laws, foreign-invested companies are also subject to the PRC Company Law.

Regulation and Access for Foreign Investment

The Foreign Investment Law of the People’s Republic of China (中華人民共和國外商投資法), promulgated by the National People’s Congress on March 15, 2019, and effective from January 1, 2020, clearly states that the state implements a management system of pre-entry national treatment and the negative list for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry, which is no less favorable than the treatment accorded to domestic investors and their investments. The negative list refers to a special administrative measure for the entry of foreign investment in specific sectors designated by the state. The state accords national treatment to foreign investment outside the negative list. In addition, the Regulations on Implementing the Foreign Investment Law of the People’s Republic of China (中華人民共和國外商投資法實施條例) (the “Implementation Regulations”), promulgated by the State Council on December 26, 2019, and effective from January 1, 2020, further stipulates that the state shall formulate the catalog of encouraged industries for foreign investment based on the needs of national economic and social development, listing specific industries, fields, and regions which foreign investors are encouraged and guided to invest in.

On September 6, 2024, the NDRC and the MOFCOM jointly revised and issued the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision), effective

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from November 1, 2024, replacing the previous negative list. Domestic companies engaging in business sectors prohibited for foreign investment in the Negative List that issue shares for listing and trading overseas shall be subject to the examination and consent of the relevant competent state authorities. Foreign investors shall not participate in the company’s operation and management, and their shareholding proportion shall be subject to relevant regulations on the management of domestic securities investment by foreign investors. In addition, the MOFCOM and the NDRC also jointly promulgated the Catalog of Encouraged Industries for Foreign Investment (2025 Revision) (鼓勵外商投資產業目錄(2025年版)) on December 15, 2025, which came into effect from February 1, 2026. According to the above list and catalog, investment in integrated circuit design does not fall within the restricted or prohibited industries for foreign investment.

Security Review of Foreign Investment

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated by the NDRC and the MOFCOM on December 19, 2020, and effective from January 18, 2021, foreign investment that affects or may affect national security shall be subject to security review in accordance with the provisions of these measures. For foreign investment within the following scope, foreign investors or relevant domestic parties shall proactively report their investments to the Office of the Working Mechanism prior to: (1) investment in sectors related to national defense security such as military industry and military industry support, and investment in areas around military facilities and military industrial facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important sectors related to national security, and obtaining actual control of the investee.

REGULATIONS ON OVERSEAS INVESTMENT

According to the Measures for the Administration of Overseas Investment (境外投資管理辦法) issued by the MOFCOM on March 16, 2009, last revised on September 6, 2014, and effective from October 6, 2014, the MOFCOM and provincial-level commercial authorities shall implement record-filing and approval management respectively according to different circumstances of companies’ overseas investments. Companies’ overseas investments involving sensitive countries and regions or sensitive industries are subject to approval management. Overseas investments under other circumstances are subject to record-filing management. When an overseas company invested by a domestic company conducts further overseas investment, the domestic company shall report to the commercial authorities after completing the overseas legal procedures.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patents

Pursuant to the Patent Law of the People’s Republic of China (中華人民共和國專利法) (the “Patent Law”) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and effective from June 1, 2021, and the Implementation Rules of the Patent Law of the People’s Republic of China (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, patents are divided into three types, namely, invention, utility model and design patent. Invention patents are valid for 20 years, utility model patents are valid for ten years and design patents are valid for 15 years from the date of application. Following the grant of patent rights for an invention or a utility model, unless otherwise stipulated in the Patent Law, no entity or individual shall exploit the patent without licensing from the patentee. Following the grant of patent rights for a design patent, no entity or individual shall exploit the patent (i.e. they shall not manufacture, offer to sell, sell or import the design patented products for manufacturing and business purposes) without licensing from the patentee.

Trademarks

Pursuant to the Trademark Law of the People’s Republic of China (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of

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China (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and effective from May 1, 2014, trademarks approved and registered by the Trademark Office are registered trademarks. Trademark registrants enjoy exclusive rights to use their trademarks, which are protected by law. The registered trademark is valid for a term of ten years, commencing from the date of the registration. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term.

Copyright

Pursuant to the Copyright Law of the People’s Republic of China (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and effective from June 1, 2021, and the Implementing Rules of the Copyright Law of the People’s Republic of China (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective from March 1, 2013, Chinese citizens, legal persons or unincorporated organizations enjoy copyrights in their works, whether published or not, in accordance with the law. A work refers to intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form. A copyright holder shall enjoy several personal rights and property rights, including the right of publication, the right of authorship, the right of revision, etc.

Pursuant to the Regulation on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and effective from March 1, 2013, computer software refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy copyright in the software they develop, whether the software is released publicly or not. Software copyright arises from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on December 31 of the 50th year after the software’s initial release. However, if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

Integrated Circuit Layout Design

Pursuant to the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例) (the “Protection Regulations”) promulgated by the State Council on April 2, 2001, and effective from October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organization shall be eligible for the exclusive right to the layout design in accordance with the Protection Regulations. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the exclusive rights to the layout design is ten years, starting from the date of application for registration of the layout design or from the date of putting it into commercial use anywhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Protection Regulations 15 years after the date of completion of the design.

LAWS AND REGULATIONS ON NETWORK SECURITY AND DATA SECURITY

National Security Review

According to the National Security Law of the People’s Republic of China (中華人民共和國國家安全法), which was promulgated and implemented by the SCNPC on July 1, 2015, national security refers to the state in which the state’s political power, sovereignty, unity, territorial integrity, people’s well-being, sustainable economic and social development, and other major national interests are relatively free from danger and not threatened by any internal or external forces, as well as the ability to ensure a continuous state of security. The state establishes the system and mechanisms for national security review and supervision, and conducts national security reviews on foreign investments, specific items and key technologies, network information technology products and services that affect or may affect national security, construction projects involving national security matters, and other major matters and activities to effectively prevent and resolve national security risks.

Cybersecurity

According to the latest Cybersecurity Law of the People’s Republic of China (中華人民共和國網絡安全法) announced by the SCNPC on October 28, 2025, when constructing and operating networks or

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providing services through networks, operators shall, in accordance with laws, administrative regulations, and mandatory requirements of national standards, adopt technical and other necessary measures to ensure the security and stable operation of networks, effectively respond to cybersecurity incidents, prevent cyber-related illegal and criminal activities, and safeguard the integrity, confidentiality, and availability of network data.

Data Security

Pursuant to the Data Security Law of the People’s Republic of China (中華人民共和國數據安全法) promulgated by the SCNPC on June 10, 2021, and effective from September 1, 2021, the state has established a data classification and grading protection system, under which data is protected according to its classification and grading. When conducting data processing activities, operators shall, in accordance with the provisions of laws and regulations, establish a sound data security management system for the entire process, organize data security education and training, and adopt corresponding technical measures and other necessary measures to safeguard data security. This law also stipulates a national security review system for data processing activities that affect or may affect national security.

REGULATIONS ON LEASING

Leased Properties

Pursuant to the Civil Code of the People’s Republic of China (中華人民共和國民法典) effective from January 1, 2021, the owner of real estate or movable property shall lawfully enjoy the rights to possess, use, benefit from and dispose of such property. With the consent of the lessor, the lessee may sublease the leased premises to a third party. If the lessee subleases the premises, the lease contract concluded between the lessee and the lessor remains valid. If the lessee subleases the premises without the consent of the lessor, the lessor is entitled to terminate the lease. In addition, if the ownership of the leased premises changes during the period when the lessee is in possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, according to the Civil Code of the People’s Republic of China, if a mortgaged property has been leased and the possession has been transferred before the establishment of the mortgage right, the original lease relationship shall not be affected by such mortgage right.

Pursuant to the Law of the People’s Republic of China on Urban Real Estate Administration (中華人民共和國城市房地產管理法) promulgated by the SCNPC on July 5, 1994, last amended on August 26, 2019, and effective from January 1, 2020, for the lease of a house, the lessor and the lessee shall enter into a written lease contract, stipulating terms such as the lease term, the purpose of the lease, the rental price, the repair liability, as well as other rights and obligations of both parties, and register and file with the real estate administrative department.

In addition, according to the Measures for the Administration of Commercial Housing Leases (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective from February 1, 2011, within 30 days after the conclusion of a housing lease contract, the parties to the lease shall register the contract with the competent construction (real estate) departments of the people’s governments of the municipalities under the central government, cities, or counties where the leased property is located. If an individual or a unit violates the above-mentioned provisions, the competent construction (real estate) department of the people’s governments of the municipalities under the central government, cities and counties shall order it to make corrections within a time limit; if an individual fails to make corrections upon the expiration of the time limit, a fine of less than RMB1,000 shall be imposed; if a unit fails to make corrections upon the expiration of the time limit, a fine ranging from RMB1,000 to RMB10,000 shall be imposed.

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LAWS AND REGULATIONS ON IMPORT AND EXPORT TRADE

According to the Customs Law of the People’s Republic of China (中華人民共和國海關法), which was promulgated by the SCNPC on January 22, 1987 and last revised on April 29, 2021, unless otherwise provided for, the consignors and consignees of import and export goods may handle customs declaration and tax payment procedures either by themselves, or by entrusting a customs declaration company to do so. The consignees or consignors of import and export goods, as well as customs declaration companies, shall register with the customs in accordance with the law when going through customs declaration procedures.

According to the Foreign Trade Law of the People’s Republic of China (中華人民共和國對外貿易法), which was promulgated by the SCNPC on May 12, 1994 and last revised on December 30, 2022, and the Regulations of the People’s Republic of China on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例), which was promulgated by the State Council on December 10, 2001, last revised on March 10, 2024 and came into effect on May 1, 2024, no entity or individual may impose or maintain prohibitions or restrictions on the import and export of goods, unless clearly prohibited or restricted by laws and administrative regulations.

According to the Export Control Law of the People’s Republic of China (中華人民共和國出口管制法), which was promulgated by the SCNPC on October 17, 2020 and came into effect on December 1, 2020, the state exercises control over the export of dual-use items, military products, nuclear materials, and other items such as goods, technologies, and services related to safeguarding national security and interests and fulfilling international obligations such as non-proliferation. The state export control management department, in accordance with the Export Control Law and relevant laws and administrative regulations, formulates and adjusts the export control list of controlled items together with relevant departments pursuant to the export control policy and in accordance with the prescribed procedures, and publishes it in a timely manner. When necessary to safeguard national security and interests and fulfill international obligations such as non-proliferation, upon approval by the State Council, or upon approval by the State Council and the Central Military Commission, the state export control management department may impose temporary control on goods, technologies, and services not on the export control list and make an announcement in relation thereto.

According to the Foreign Trade Law of the People’s Republic of China (中華人民共和國對外貿易法), which was promulgated by the SCNPC on May 12, 1994 and last revised on December 30, 2022, the requirement for foreign trade operators engaging in the import and export of goods or technologies to register with the foreign trade department under the State Council or its authorized agencies has been cancelled.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the People’s Republic of China (中華人民共和國勞動法), which was last revised by the SCNPC on December 29, 2018, and the Labor Contract Law of the People’s Republic of China (中華人民共和國勞動合同法), which was last revised by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, an employment relationship shall be established by concluding an employment contract. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that employees enjoy their labor rights and fulfill their labor obligations.

According to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the “Interpretation II”), promulgated by the Supreme People’s Court of the People’s Republic of China on July 31, 2025, effective on September 1, 2025 where the employer and the worker agree, or the worker promises the employer, that there is no need to pay social insurance, the people’s court shall determine that such agreement or promise is invalid.

Moreover, where the employer fails to pay social insurance in accordance with the law, and the worker requests to terminate the labor contract, and for the employer to pay economic compensation in accordance with item (3), Article 38 of the Labor Contract Law of the People’s Republic of China (中華人民共和國勞動合同法), the people’s court shall support such a claim in accordance with the law. In

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such circumstances, even if there was a prior agreement exempting the employer from paying social insurance, the employer remains obligated to provide economic compensation to the worker (calculated as years of service multiplied by monthly salary).

Social Insurance and Housing Provident Fund

The Social Insurance Law of the People’s Republic of China (中華人民共和國社會保險法), which was last revised and implemented by the SCNPC on December 29, 2018, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which was last revised and implemented by the State Council on March 24, 2019, have established social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. Contributing entities must complete social insurance registration with the local social insurance agencies and participate in social insurance. Contributing entities and individuals shall contribute social insurance premiums on time and in full.

According to the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) last revised and implemented by the State Council on March 24, 2019, employers shall register for housing provident fund contributions with the housing provident fund management center and complete the procedures for opening housing provident fund accounts for their employees. Employers shall contribute housing provident funds on time and in full.

LAWS AND REGULATIONS ON EQUITY INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) issued and implemented on February 15, 2012, directors, supervisors, senior management personnel and other employees of overseas listed companies who are PRC nationals or non-PRC nationals residing in China for more than one year and participate in equity incentive plans should register with SAFE through domestic agencies. In addition, overseas trustees must be entrusted to handle matters such as exercise of options, purchase and sale of corresponding shares or equity, and the corresponding transfer of funds. After the foreign exchange income obtained by individuals from participating in equity incentive plans is repatriated to China, the domestic agency should, based on relevant written applications, foreign exchange registration certificates for equity incentive plans, overseas transaction vouchers and other materials, instruct the bank to transfer the funds from the domestic special foreign exchange account of the domestic agency to the corresponding individual foreign exchange savings accounts. The funds shall be managed and used in accordance with the relevant regulations on individual foreign exchange savings accounts.

LAWS AND REGULATIONS ON OVERSEAS SECURITIES ISSUANCE AND LISTING OF DOMESTIC COMPANIES

Securities Laws and Regulations

The Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), which was last revised by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, comprehensively regulates the activities in the securities market within China, including the issuance and trading of securities, the acquisition of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities depository and clearing institutions, securities service institutions, the securities industry association, and securities regulatory authorities. The Securities Law further stipulates that domestic companies that directly or indirectly issue securities overseas or list their securities overseas shall comply with the relevant regulations of the State Council. For domestic companies whose shares are subscribed for and traded in foreign currencies, the specific measures shall be separately formulated by the State Council. The CSRC is the securities regulatory authority established by the State Council, responsible for supervising and managing the securities market in accordance with the laws, maintaining market order, and ensuring the legal operation of the market. Currently, the issuance and trading of H Shares are mainly regulated by laws, regulations, rules, and normative documents promulgated by the State Council and the CSRC.

Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法)

REGULATORY OVERVIEW

and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, domestic companies in China that issue shares overseas or list overseas, both directly or indirectly, should file a record with the CSRC within 3 business days after submission of the application for overseas issuance and listing. In any of the following circumstances, the overseas issuance and listing shall not be allowed: where laws, administrative regulations, or relevant national regulations clearly prohibit such listing for financing; where, as reviewed and determined by the relevant competent departments of the State Council in accordance with the law, overseas issuance and listing may endanger national security; where the domestic company or its controlling shareholder or actual controller has committed criminal offenses such as embezzlement, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order in the past three years; where the domestic company is being investigated in accordance with the law for suspected crimes or major violations of laws and regulations and no conclusive opinion has yet been formed; where there are major disputes over the ownership of the equity held by the controlling shareholder or the shareholders controlled by the controlling shareholder or actual controller.

According to the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, in the course of overseas issuance and listing of domestic companies, domestic companies and the securities companies and securities service institutions providing corresponding services shall strictly comply with the relevant laws and regulations of the People’s Republic of China and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, enhance the legal awareness of protecting state secrets and strengthening archive management, and establish and improve the confidentiality and archive management systems. Necessary measures shall be taken to perform the responsibility of confidentiality and archive management, and shall not disclose state secrets and the work secrets of state organs, or damage the national and public interests. When domestic companies provide, publicly disclose, or provide and publicly disclose through their overseas listing entities documents and materials involving state secrets or the work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory institutions, and other entities and individuals, application shall be made to the competent department with approval authority for approval in accordance with the law and file a record with the confidentiality administrative department at the same level. When domestic companies provide, publicly disclose, or provide and publicly disclose through their overseas listing entities other documents and materials that will have an adverse impact on national security or public interests after disclosure to relevant securities companies, securities service institutions, overseas regulatory institutions, and other entities and individuals, they shall strictly follow the corresponding procedures in accordance with relevant national regulations.

U.S. EXPORT CONTROL AND ECONOMIC SANCTIONS

The U.S. export control regime comprises several different licensing and enforcement agencies. The BIS administers the export licensing and enforcement functions of the dual-use export control system. The Export Controls Reform Act, enacted in 2018, provides broad legislative authority to the President to implement dual-use export controls, which is implemented by the Export Administration Regulations (15 C.F.R. 730 et seq.). The EAR sets forth licensing policy for goods and destinations, the applications process used by exporters.

Current U.S. sanctions target various foreign jurisdictions, governments, individuals, and other entities that are found to be the source of foreign policy or national security threats. Various agencies and departments in the executive branch, including the Departments of State, the Treasury, and Commerce administer sanctions. Other agencies also play a role in U.S. sanctions policy. For example, the Department of Defense (“DoD”), may impose military procurement restrictions (including with respect to certain foreign adversary countries) and maintains a list of Chinese military companies operating in the United States.

Items Subject to the EAR

The EAR governs the export, reexport, and transfer (in-country) of items “subject to the EAR.” This includes items located in the United States, all U.S.-origin items wherever located, and certain foreign-made items that incorporate, are bundled with, or are commingled with controlled U.S.-origin content, where the U.S. content is present in any amount or exceeds applicable *de minimis* thresholds (typically 10% or 25%, depending on destination and content type).

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In addition, foreign-produced items may be subject to the EAR under the Foreign Direct Product (“FDP”) rules when they are a “direct product” of specified U.S.-origin technology or software, produced by a complete plant or major component of a plant that itself is a direct product of specified technology or software, or for specified foreign-produced items in § 734.9(e)(3)(i)(B)(2) of the EAR, contain an item produced by a complete plant or major component of a plant that itself is a “direct product” of specified technology or software.

BIS Entity List Restrictions

According to the EAR § 744.16, in addition to the license requirements for items specified on the Commerce Control List (“CCL”), any entity may not, without a license from BIS, export, reexport, or transfer (in-country) any items included in the License Requirement column of an entry on the Entity List (supplement no. 4 to the EAR § 744.16) when an entity associated with that entry or when any person using an address identified in the Entity List entry as a high-risk diversion address is a party to a transaction as described in § 748.5(c) through (f) of the EAR.

FN5 FDP Rule

A foreign-produced item is subject to the EAR if it meets the product scope and end-user scope in Entity List FDP Rule footnote 1, footnote 4 or footnote 5 provisions. Pursuant to EAR § 734.9(e)(3), the Entity List footnote 5 FDP Rule (FN5 FDP) applies if foreign-produced item meets both product and end-user conditions.

Product Scope: the foreign-produced commodity is specified in ECCN 3B001 (except 3B001.a.4, c, d, f.1, f.5, f.6, g, h, k to n, p.2, p.4, r), 3B002 (except 3B002.c), 3B903, 3B991 (except 3B991.b.2.a through 3B991.b.2.b), 3B992, 3B993, or 3B994, and meets the definition of a “direct product” under the relevant provisions.

End-user Scope: activities involving Footnote 5 designated entities and for entities located at “facilities” where the “production” of “advanced-node integrated circuits” occurs; or Footnote 5 designated entities and for “advanced-node integrated circuits” “production” “facilities” as transaction parties.

SME Foreign Direct Product Rule

Pursuant to EAR § 734.9(k), a foreign-produced commodity is subject to the EAR if it meets both the product scope and the destination scope specified in Semiconductor Manufacturing Equipment (SME) FDP Rule.

Product Scope: the product scope applies to a foreign-produced commodity specified in ECCN 3B001.a.4, c, d, f.1, f.5, f.6, k to n, p.2, p.4, r, or 3B002.c which meets the direct product condition as described in § 734.9(k)(1).

Destination Scope: a foreign-produced item meets the destination scope if there is “knowledge” that the foreign-produced item is destined to Macau or a destination in Country Group D:5 of supplement no. 1 to part 740 of the EAR. To be more specific, China is one of the countries designated in Country Group D:5.

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DoD NDAA §1260H List (CMC List)

The U.S. DoD maintains a separate list of Chinese military companies under Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (“1260H List” or “CMC List”). The 1260H List includes companies that the DoD determines to be “Chinese military companies” operating directly or indirectly in the United States or in support of the People’s Liberation Army, including those involved in military-civil fusion activities. Amended in 2025, 1260H List mostly prohibits DoD from entering into, renewing, or extending contracts for goods, services, or technology with entities on the Chinese Military Company List or their affiliates. Contracts with companies controlled by these listed entities are also prohibited.

U.S. TARIFF POLICIES

The U.S. tariff regime generally consists of two components: (i) base most-favored-nation (“MFN”) duty rates under the Harmonized Tariff Schedule of the United States (“HTSUS”), determined by product classification, and (ii) additional duties imposed pursuant to trade or national security measures.

Throughout 2025, the U.S. government announced several rounds of additional tariffs, including the reciprocal tariffs and the fentanyl-related tariffs, on imports from China under the International Emergency Economic Powers Act (“IEEPA”). These tariffs were ruled unlawful by the U.S. Supreme Court on February 20, 2026. In response, the U.S. President announced the termination of the reciprocal tariffs and the fentanyl-related tariffs. On the same day, citing the existence of fundamental international payments problems in the U.S., the President further announced that, effective from February 24, 2026, a temporary import surcharge of 10% ad valorem would be imposed on goods imported into the United States for a period of 150 days. Such surcharge applies to goods from all U.S. trading partners and to all imported products, subject to specified exceptions for certain categories of goods.

U.S. OUTBOUND INVESTMENT RULE

On August 9, 2023, the U.S. government issued Executive Order 14105, launching efforts to regulate certain outbound investments involving China. The U.S. Department of the Treasury followed with rulemaking, culminating in the Final Rule on October 28, 2024 (effective on January 2, 2025) that established the “Outbound Investment Security Program.” This program focuses on investments by U.S. persons in advanced technology sectors in “countries of concern” (currently China, including Hong Kong and Macau).

Under the OIR, U.S. persons (including U.S. citizens and permanent residents, entities organized under U.S. law (including their foreign branches), and any person in the U.S.) are subject to investment prohibitions and notification requirements for certain transactions in three sensitive technology categories (semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems). These restrictions apply when a transaction involves a “Covered Foreign Person” — generally an entity in a country of concern engaged in a “Covered Activity.” Covered transactions include activities such as acquiring equity interests (including contingent equity interests), providing debt financing, forming joint ventures, or investing as a limited partner in a fund, when such activities involve a “Covered Foreign Person.” Certain exceptions are provided. Notably, investments in publicly traded securities that trade on a securities exchange are exempted, except to the extent that the investments would provide rights beyond minority shareholder protections. The U.S. Department of the Treasury further confirmed in its FAQs, on December 23, 2025, that absent additional facts, where a U.S. person acquires an equity interest in a covered foreign person and, at the time of such acquisition, the equity interest is publicly traded, such security falls within the definition of a “publicly traded security”, regardless of when the relevant agreement is entered into.

In the semiconductors and microelectronics sector, prohibited activities include designing any integrated circuit that meets or exceeds the performance parameters specified in Export Control Classification Number (ECCN) 3A090.a in Supplement No. 1 to 15 CFR Part 774, or integrated circuits designed for operation at or below 4.5 Kelvin. Pursuant to 31 C.F.R. § 850.217, designing any integrated circuit that is not described in § 850.224(c) constitutes a notifiable activity.

On December 18, 2025, the U.S. President signed the “National Defense Authorization Act for Fiscal Year 2026” (S. 1071, the “NDAA 2026”) into law. Pursuant to § 8521 of the NDAA 2026, the NDAA 2026 mandates the issuance of new regulations that will amend, supersede, or otherwise modify the existing OIR framework within a defined timeframe. This rulemaking process introduces a forward-looking risk that the scope of covered activities, the definitions of key terms, or the applicable prohibitions and notification requirements could be substantively altered.

HISTORY AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

Overview

We are a provider of edge AI chip products. Leveraging our robust chip design capabilities and strengths in the deep integration of display and sensing-control with chips, we have effectively commercialized our products at scale.

Our Company was incorporated in the PRC in August 2018 by Mr. Chen, our founder and a entrepreneur, innovator and business leader. Under the leadership and management of Mr. Chen, we ranked second globally in the scaler industry and first in ASIC scaler industry, as measured by shipment volume, in 2024. See “Directors and Senior Management—Board of Directors—Executive Directors” for the biographical details of Mr. Chen.

As of the Latest Practicable Date, Mr. Chen and Ms. Wang, the spouse of Mr. Chen, collectively controlled 61.29% of the voting power at the general meetings of our Company, comprising (i) 16.28% beneficially owned by Mr. Chen directly, (ii) 14.13% beneficially owned by Ms. Wang directly, and (iii) 21.82%, 7.54%, 1.51% and 0.02% beneficially owned by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, respectively. The general partner of each of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform is Xichuang Technology, a holding company wholly owned by Mr. Chen and Ms. Wang. Upon the [REDACTED], Mr. Chen and Ms. Wang will collectively control [REDACTED]% of the voting power at the general meetings of our Company, comprising (i) [REDACTED]% beneficially owned by Mr. Chen directly, (ii) [REDACTED]% beneficially owned by Ms. Wang directly, and (iii) [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% beneficially owned by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, respectively, assuming the [REDACTED] is not exercised. Therefore, Mr. Chen and Ms. Wang, together with Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform and Xichuang Technology, were the group of our Controlling Shareholders as of the Latest Practicable Date and will be the group of our Controlling Shareholders upon the [REDACTED].

Business Milestones

The following table illustrates our major business milestones:

Year	Milestone
2018	Our Company was incorporated as a limited liability company in Shenzhen.
2019	We established our first R&D and business center in Shanghai. We commenced our image processing and touch control chips business.
2020	We were recognized as a National High and New Technology Enterprise (國家級高新技術企業). We successfully launched our wearable touch ICs and SAR sensors. We expanded our business to automotive-grade general-purpose MCUs.
2021	We successfully launched our mid-to-high-end chips under the “AI Scaler” series. We were certified under the TÜV Rheinland ISO 9001 quality management system certification. We achieved mass production of our wearable touch ICs and SAR sensors.
2022	We completed the development and achieved mass production of our full-range (high-, mid-, and low-end) layout of the AI Scaler series.

HISTORY AND CORPORATE STRUCTURE

Year	Milestone
	We were certified under the TÜV Rheinland ISO 26262 ASIL-D automotive-grade functional safety process system certification.
2023	We expanded our business nationwide.
	We achieved mass production of our automotive-grade general-purpose MCUs which were certified under ASIL-B functional safety certification.
2024	We achieved mass production of our automotive-grade TMCUs which were certified under ASIL-B functional safety certification.
	Our TMCUs were certified by the MIIT under Scientific and Technological Achievement Certification (科學技術成果認證).
	We were accredited as a Specialized and Innovative “Little Giant” Enterprises (專精特新“小巨人”企業) by the MIIT.
2025	We expanded our business into international market.
	We achieved mass production of our first SCCU.
	We achieved mass production of our HoD solution, as the first and only chip supplier in the PRC.
	We successfully upgraded our TÜV Rheinland ISO 26262 functional safety certification from L2 to L3.
	We were accredited as a Specialised and Innovative “Key Little Giant” Enterprise (專精特新“重點小巨人”企業) by the MIIT.
	Our self-developed chips have reached a cumulative shipment of over 100 million units.
	We expanded our business to embodied intelligence business.

OUR COMPANY

Our Company’s Early Development

On August 31, 2018, our Company was incorporated as a limited liability company under the laws of the PRC with a registered capital of RMB5,000,000. Upon its incorporation, our Company was wholly owned by CVA Innovation Limited (曦華科創有限公司) (“Hong Kong CVA”), a company ultimately controlled by Mr. Chen.

In November 2019, Hong Kong CVA transferred its entire equity interests in our Company to Ms. Wang, Xichuang Lekang LP and Xichuang Leyuan Shareholding Platform. Upon the completion of such equity transfers, the shareholding structure of our Company was as follows:

Shareholders	Registered share capital held	Corresponding equity interest in our Company
	(RMB)	
Ms. Wang ⁽¹⁾	3,500,000	70.00%
Xichuang Lekang LP ⁽²⁾	1,000,000	20.00%
Xichuang Leyuan Shareholding Platform ⁽²⁾	500,000	10.00%
Total	5,000,000	100.00%

HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) Out of the RMB3,500,000 registered share capital of our Company acquired by Ms. Wang, RMB1,739,637.15 registered share capital of our Company (the “Entrusted Equity Interests”) was held on behalf of Mr. Chen (the “Nominee Shareholding Arrangement”). The Nominee Shareholding Arrangement was terminated in November 2021 when Ms. Wang transferred the Entrusted Equity Interests back to Mr. Chen and Xichuang LeKang LP as instructed by Mr. Chen. As advised by the PRC Legal Advisor, there was no dispute regarding the Nominee Shareholding Arrangement and the Nominee Shareholding Arrangement did not violate any applicable PRC laws and regulations.
- (2) The general partner of Xichuang Lekang LP and Xichuang Leyuan Shareholding Platform is Xichuang Technology, a holding company owned by Mr. Chen and Ms. Wang as to 51.00% and 49.00%, respectively.

After several rounds of capital increases of our Company, in November 2021, Ms. Wang, Mr. Chen and Xichuang Lekang LP entered into an equity transfer agreement to terminate the Nominee Shareholding Arrangement and further grant equity interests to our Employee Share Ownership Platform, pursuant to which and as instructed by Mr. Chen, Ms. Wang transferred (i) RMB1,739,637.15 registered share capital of our Company to Mr. Chen at nominal consideration, and (ii) RMB69,585.48 registered share capital of our Company to Xichuang LeKang LP at a consideration of RMB410,000. Upon completion of such share transfers, our Company was owned as to 25.00% by Mr. Chen, 24.30% by Ms. Wang, 28.60% by Xichuang Lekang LP, 12.00% by Xichuang Leyuan Shareholding Platform, and 10.10% in aggregate by our early rounds Pre-[REDACTED] Investors.

Pre-[REDACTED] Investments

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of pre-[REDACTED] investments since the incorporation of our Company. See “—Pre-[REDACTED] Investments” for details.

Joint Stock Reform of Our Company

On October 29, 2025, our then Shareholders, being our promoters, passed resolutions approving, among others, the conversion of our Company into a joint stock company with limited liability under the laws of the PRC. In accordance with an audit report of our Company issued by an independent accountant, as of August 31, 2025, the audited net asset value of our Company was RMB377,462,657.60, among which, RMB9,715,449 was converted into 9,715,449 Shares with a nominal value of RMB1.0 each and the remaining RMB367,747,208.60 was converted into capital reserve. Our Shares upon conversion were subscribed for by our then Shareholders in proportion to their respective equity interest in our Company immediately before the conversion. On November 5, 2025, the joint stock reform of our Company was completed.

Share Subdivision

Pursuant to the resolutions of our Shareholders dated November 21, 2025, each of our Share with nominal value of RMB1.00 will be subdivided into ten Shares with nominal value of RMB0.1 each immediately prior to the [REDACTED]. Upon completion of such Share Subdivision, the registered capital of our Company, which is RMB10,442,241, will be divided into 104,422,410 Shares of par value RMB0.1 each, which will be subscribed by all our then Shareholders in proportion to their respective equity interests in our Company immediately before the [REDACTED].

Acting in Concert

To consolidate control over our Group and ensure its stable development, on November 24, 2023, Mr. Chen and Ms. Wang entered into an acting-in-concert agreement, pursuant to which Ms. Wang has been in concert with Mr. Chen at the Board meetings and the general meetings of our Company since the date of the acting-in-concert agreement. The acting-in-concert agreement covers any entities or partnerships that are controlled by Mr. Chen and Ms. Wang. The acting-in-concert agreement shall be valid until the later of (i) three years after the [REDACTED] or (ii) the termination of marital relationship between Mr. Chen and Ms. Wang.

HISTORY AND CORPORATE STRUCTURE

OUR PRINCIPAL SUBSIDIARIES

The following entities were our subsidiaries which made material contribution to our results of operation during the Track Record Period.

Name	Place of incorporation	Date of incorporation	Principal business activities
Shanghai Blue Whale	PRC	June 11, 2021	R&D, design and sales
Anhui Xihe	PRC	September 27, 2022	R&D, design and sales

MATERIAL ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisition or disposal.

PRE-[REDACTED] INVESTMENTS

Principal Terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the pre-[REDACTED] investments:

Name of Pre-[REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired (RMB)	Consideration ⁽²⁾ (RMB)	Cost per Share paid ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Series Pre-A Investments (Pre-money valuation: RMB187.0 million; Post-money valuation: RMB200.0 million)						
Equity subscription						
Xiamen Songrui I Venture Investment Partnership (Limited Partnership) (廈門嵩睿壹期創業投資合夥企業 (有限合夥)) (“Songrui Phase I”) . . .	September 29, 2020	October 14, 2020	143,752.52	5.0 million	3.48	[REDACTED]
Shenzhen Leaguer Angel Venture Capital Partnership (L.P.) (深圳市力合天使創業投資合夥企業 (有限合夥)) (“Leaguer Angel”)	November 20, 2020	December 30, 2020	172,503.02	6.0 million	3.48	[REDACTED]
Shenzhen Leaguer Hongxin Venture Investment Partnership (L.P.) (深圳力合泓鑫創業投資合夥企業 (有限合夥)) (“Lihe Hongxin”)	November 20, 2020	December 14, 2020	57,501.01	2.0 million	3.48	[REDACTED]
Series Pre-A++ Investments (Pre-money valuation: RMB573.0 million; Post-money valuation: RMB603.0 million)						
Equity subscription						
Shenzhen Huiyou Chuangjia Venture Investment Partnership (L.P.) (深圳市惠友創嘉創業投資合夥企業 (有限合夥)) (“Huiyou Chuangjia”) .	June 11, 2021	June 23, 2021	328,122.09	30.0 million	9.14	[REDACTED]
Series A Investments (Pre-money valuation: RMB916.5 million; Post-money valuation: RMB1,001.5 million)						
Equity subscription						
Xiamen Huiyou Haojia Equity Investment Partnership (L.P.) (廈門市惠友豪嘉股權投資合夥企業 (有限合夥)) (“Huiyou Haojia”)	November 30, 2021	February 23, 2022	231,951.62	30.0 million	12.93	[REDACTED]
Lihe Hongxin	November 30, 2021	December 30, 2021	154,634.41	20.0 million	12.93	[REDACTED]

HISTORY AND CORPORATE STRUCTURE

Name of Pre-[REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired (RMB)	Consideration ⁽²⁾ (RMB)	Cost per Share paid ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Xiamen Songrui Phase II Venture Capital Partnership Enterprise (Limited Partnership) (廈門嵩睿貳期創業投資合夥企業(有限合夥)) (“Songrui Phase II”) . . .	November 30, 2021	December 9, 2021	77,317.21	10.0 million	12.93	[REDACTED]
Songrui Phase I	November 30, 2021	December 9, 2021	38,658.60	5.0 million	12.93	[REDACTED]
Boting Investment (Sanya) Partnership Enterprise (Limited Partnership) (柏廷投資(三亞)合夥企業(有限合夥)) (“Boting Investment”)	November 30, 2021	December 10, 2021	154,634.41	20.0 million	12.93	[REDACTED]
Series A+/A++ Investments (Pre-money valuation: RMB1,185.0 million; Post-money valuation: RMB1,215.0 million)						
Equity subscription						
Wuhu Chery Technology Co., Ltd. (蕪湖奇瑞科技有限公司) (“Chery Technology”)	March 18, 2022	April 22, 2022	98,016.69	15.0 million	15.30	[REDACTED]
Nanning Kechuang Taiyou Investment Partnership (Limited Partnership) (南寧科創泰有投資合夥企業(有限合夥)) (“Nanning Kechuang”)	April 29, 2022	May 19, 2022	98,016.69	15.0 million	15.30	[REDACTED]
Series A+++ Investments (Pre-money valuation: RMB1,650.0 million; Post-money valuation: RMB1,800.0 million)						
Equity subscription						
Hony Honghao (Xiamen) Enterprise Management Partnership (Limited Partnership) (弘毅泓皓(廈門)企業管理合夥企業(有限合夥)) (“Hony Honghao”) . . .	June 29, 2022 and December 1, 2022	September 16, 2022	68,051.59	15.0 million	22.04	[REDACTED]
Equity transfer						
Hony Honghao	December 1, 2022	February 3, 2023	99,241.90 ⁽⁵⁾	15.0 million	15.11	[REDACTED]
Series B Investments (Pre-money valuation: RMB2,007.3 million; Post-money valuation: RMB2,172.3 million)						
Equity subscription						
Ma’anshan Support Technology Achievement Transformation No.1 Investment Management Center (Limited Partnership) (馬鞍山支點科技成果轉化一號投資管理中心(有限合夥)) (“Zhidian Technology”)	December 7, 2022	December 27, 2022	285,816.66	70.0 million	24.49	[REDACTED]
Huiyou Haojia	December 7, 2022	January 16, 2023	40,830.95	10.0 million	24.49	[REDACTED]

HISTORY AND CORPORATE STRUCTURE

Name of Pre-[REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired (RMB)	Consideration ⁽²⁾ (RMB)	Cost per Share paid ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Hunan Shuaixian Youcheng Venture Capital Partnership (Limited Partnership) (湖南率先友聘創業投資合夥企業 (有限合夥)) (“Shuaixian Youcheng”) ⁽⁶⁾	January 16, 2023	March 31, 2023	61,246.42	15.0 million	24.49	[REDACTED]
Wuhu Longmen Multiplier Private Equity Investment Partnership (Limited Partnership) (蕪湖龍門倍增私募股權投資合夥企業 (有限合夥)) (“Longmen Beizeng”)	January 16, 2023 and July 26, 2023 ⁽⁶⁾	August 15, 2023	40,830.95	10.0 million	24.49	[REDACTED]
Beijing Guotong Hongtai Technology Intelligent Investment Partnership (L.P.) (北京國同洪泰科技智能投資合夥企業 (有限合夥)) (“Guotong Hongtai”)	January 16, 2023 and July 26, 2023 ⁽⁶⁾	August 4, 2023	20,415.48	5.0 million	24.49	[REDACTED]
Sumin Capital Co., Ltd. (蘇民資本有限公司) (“Sumin Capital”)	January 16, 2023	January 19, 2023	122,492.85	30.0 million	24.49	[REDACTED]
Shenzhen Virtue Jiayi Venture Investment Partnership Enterprise (Limited Partnership) (深圳德載厚嘉益創業投資合夥企業 (有限合夥)) (“Virtue Jiayi”)	January 16, 2023	March 31, 2023	61,246.43	15.0 million	24.49	[REDACTED]
Lihe Hongxin	January 16, 2023	February 21, 2023	40,830.95	10.0 million	24.49	[REDACTED]
Series B+ Investments (Pre-money valuation: RMB2,300.5 million; Post-money valuation: RMB2,432.5 million)						
Equity subscription						
Shenzhen Greenwoods Jingying Equity Investment Fund Partnership Enterprise (Limited Partnership) (深圳景林景盈股權投資基金合夥企業 (有限合夥)) (“Greenwoods Jingying”)	May 22, 2023	May 30, 2023	200,532.52	52.0 million	25.93	[REDACTED]
Longmen Beizeng	July 26, 2023	August 15, 2023	205,674.25	53.3 million	25.93	[REDACTED]
Guotong Hongtai	July 26, 2023	August 4, 2023	102,837.32	26.7 million	25.93	[REDACTED]
Equity transfers						
Longmen Beizeng	July 26, 2023	August 15, 2023	80,410.09 ⁽⁷⁾	16.7 million	20.73	[REDACTED]
Guotong Hongtai	July 26, 2023	August 4, 2023	40,204.81 ⁽⁸⁾	8.3 million	20.73	[REDACTED]

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Name of Pre-[REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired (RMB)	Consideration ⁽²⁾ (RMB)	Cost per Share paid ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Series B++ Investments (Pre-money valuation: RMB2,700.0 million; Post-money valuation: RMB2,760.0 million)						
Equity subscription						
Anhui Lucion Wanneng Green Kinetic Energy Equity Investment Fund Partnership (Limited Partnership) (安徽魯信皖能綠色動能股權投資基金合夥企業(有限合夥)) (“Lucion Wanneng”)	September 7, 2023	September 8, 2023	140,803.42	40.0 million	28.41	[REDACTED]
Hony Honghao	November 9, 2023	November 17, 2023	70,401.71	20.0 million	28.41	[REDACTED]
Equity transfer						
Hony Honghao	November 9, 2023	November 17, 2023	51,815.86 ⁽⁵⁾	10.0 million	18.94	[REDACTED]
Lucion Wanneng	September 7, 2023	September 8, 2023	52,801.32 ⁽⁹⁾	10.0 million	18.94	[REDACTED]
Series C1 Investments (Pre-money valuation: RMB2,800.0 million; Post-money valuation: RMB2,844.0 million)						
Equity subscription						
Qingdao Zhongyun No.3 Venture Investment Fund Partnership (Limited Partnership) 青島中雲三號創業投資基金合夥企業(有限合夥) (“Zhongyun No.3”)	November 3, 2025	November 10, 2025	48,577.18	14.0 million	28.82	[REDACTED]
Yangzhou Weiyang Minghao Industrial Investment Fund Partnership (Limited Partnership) 揚州維揚明皓產業投資基金合夥企業(有限合夥) (“Weiyang Minghao”)	November 3, 2025	November 11, 2025	104,093.96	30.0 million	28.82	[REDACTED]
Equity transfer						
Zhongyun No.3	November 3, 2025	November 10, 2025	9,715.44 ⁽¹⁰⁾	1.0 million	10.29	[REDACTED]
Series C2 Investments (Pre-money valuation: RMB3,200.0 million; Post-money valuation: RMB3,333.7 million)						
Equity subscription						
Wenling Haihe Rongzhi Equity Investment Partnership (Limited Partnership) (溫嶺海和融智股權投資合夥企業(有限合夥)) (“Haihe Rongzhi”)	December 26, 2025	December 31, 2025	154,190	50.0 million	32.43	[REDACTED]
Chengdu Xingjin Future New Industry Equity Investment Fund Partnership (Limited Partnership) (成都興錦未來新興產業股權投資基金合夥企業(有限合夥)) (“Chengdu Xingjin”)	December 26, 2025	December 31, 2025	89,430	29.0 million	32.43	[REDACTED]

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Name of Pre-[REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired (RMB)	Consideration ⁽²⁾ (RMB)	Cost per Share paid ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Qingdao Zhongyun No.5 Venture Investment Fund Partnership (Limited Partnership) (青島中雲伍號創業投資基金合夥企業(有限合夥)) (“Zhongyun No.5”)	December 26, 2025	January 12, 2026	66,795	21.7 million	32.43	[REDACTED]
Changchun Changxing Equity Investment Fund Partnership (Limited Partnership) (長春長興股權投資基金合夥企業(有限合夥)) (“Changchun Changxing”)	December 26, 2025	January 6, 2026	61,676	20.0 million	32.43	[REDACTED]
Beijing Shunyi Haigao Qihang Equity Investment (Limited Partnership) (北京順義海高啟航股權投資合夥企業(有限合夥)) (“Shunyi Haigao”)	December 26, 2025	December 30, 2025	40,090	13.0 million	32.43	[REDACTED]

Series C3 Investments (Pre-money valuation: RMB3,682.0 million; Post-money valuation: RMB3,740.0 million)

Equity subscription

Xiamen Lingkaixin Future Venture Investment Partnership (Limited Partnership) (廈門翎凱芯未來創業投資合夥企業(有限合夥)) (“Xiamen Lingkai”)	February 6, 2026	February 10, 2026	128,434	46.0 million	35.82	[REDACTED]
Wan Li (萬麗)	February 6, 2026	February 6, 2026	33,505	12.0 million	35.82	[REDACTED]

Equity transfer

Xiamen Lingkai	February 6, 2026	February 6, 2026	12,236 ⁽¹¹⁾	3.0 million	24.52	[REDACTED]
Wan Li	February 6, 2026	February 6, 2026	51,397 ⁽¹¹⁾	12.5 million	24.32	[REDACTED]

- (1) The post-money valuation is calculated by dividing the total consideration of equity subscriptions under the relevant round of the pre-[REDACTED] investment by the percentage of the new subscribed equity interest in the total registered capital of our Company at the relevant time. The pre-money valuation is calculated by excluding the total consideration of equity subscriptions from the post-money valuation under the relevant round of the pre-[REDACTED] investment. The valuation of our Company has been increasing along with our rapid business development.
- (2) The consideration for the Pre-[REDACTED] investments was determined based on arm’s length negotiations between the Company and the Pre-[REDACTED] Investors, taking into account the timing of the investments and the status of our business and financial performance. Under certain transfers of equity interest between our investors, the relevant investors considered various factors, such as timing of the transaction, past or present relationships between the parties and their respective bargaining power in the negotiations when determining the consideration, in addition to the then valuation of our Company, and thus agreed on a discount to the then valuation.
- (3) The cost per Share is calculated based on dividing the consideration by the number of Shares subscribed or acquired as adjusted taking into account the Share Subdivision.
- (4) The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per H Share, and that the [REDACTED] is not exercised.
- (5) The equity interest was transferred from Ms. Wang.
- (6) Pursuant to the equity subscription agreement in January 2023, Shuaixian Youcheng agreed to subscribe for RMB122,492.85 registered share capital of our Company at a consideration of RMB30.0 million in total. In July 2023, Shuaixian Youcheng transferred RMB40,830.95 and RMB20,415.48 registered share capital of our Company, which had not been paid up by Shuaixian Youcheng at the time of such transfers, to Longmen Beizeng and Guotong Hongtai, respectively, at nil consideration. Longmen Beizeng and Guotong Hongtai subsequently fully settled such outstanding capital contributions in August 2023.

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- (7) The equity interest was transferred from Xichuang Leyuan and Songrui Phase I.
- (8) The equity interest was transferred from Xichuang Lekang, Songrui Phase I.
- (9) The equity interest was transferred from Songrui Phase I.
- (10) The equity interest was transferred from Xichuang Lekang LP.
- (11) The equity interest was transferred from Ms. Wang.

Strategic benefits the Pre-[REDACTED] Investments

At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors’ investments in our Company and their knowledge and experience.

Reasons for Fluctuations in Valuation

The principal reasons for the increases in our Company’s valuation are as follows:

- (1) the increase in valuation from the Series Pre-A investment to Series A investments was mainly due to the mass production of our wearable touch ICs and SAR sensors;
- (2) the increase in valuation from the Series A investment to Series B investments was mainly due to the growth of our revenue and the mass production of our full-range (high-, mid-, and low-end) layout of the AI Scaler series;
- (3) the increase in valuation from the Series B investment to Series C investments was mainly due to mass production of our automotive-grade TMCUs, SCCU and HoD solution; and
- (4) the increase in valuation from the Series C1 to C3 investments to the [REDACTED] was mainly due to (i) the continuous development of our products, (ii) the further achievement in commercialization of our products, and (iii) the premium attached to the Shares of our Company as they become freely tradeable upon the [REDACTED].

Use of Proceeds from the Pre-[REDACTED] Investments

The proceeds received by us from the pre-[REDACTED] investments which involved subscriptions of increased registered capital of our Company amounted to approximately RMB765.7 million. As of the date of this document, approximately 82.0% of the net proceeds from the pre-[REDACTED] investments had been utilized. The proceeds from the pre-[REDACTED] investments have been utilized for our general operation and working capital purposes.

Special Rights of Our Pre-[REDACTED] Investors

In connection with the pre-[REDACTED] investments, pursuant to the shareholders’ agreement entered into by our Company and the then Shareholders dated November 9, 2023, our Pre-[REDACTED] Investors were granted certain special rights granted by our Company, including, among others, pre-emptive right, right of first refusal, right of co-sale, redemption right, information right, anti-dilution right, and liquidation preference. Pursuant to the supplemental agreements to the shareholders’ agreement dated October 13, 2025 and shareholders’ agreement dated February 6, 2026 (the “Supplemental Agreements”), the redemption right and liquidation preference were unconditionally terminated and shall be *void ab initio* and all other special rights granted to the Pre-[REDACTED] Investors (such as pre-emptive right, right of first refusal, right of co-sale, information right and anti-dilution right) were terminated prior to the first submission of the [REDACTED] application to the Stock Exchange, provided however that, such rights shall be restored upon on the earliest of (i) the withdrawal of the [REDACTED] application to the Stock Exchange by our Company, or (ii) the [REDACTED] application being ultimately not accepted, rejected, not registered, or not filed by the relevant regulatory authorities or the Stock Exchange. No Pre-[REDACTED] Investors had exercised their redemption rights during the Track Record Period. For details, please refer to note 32 of the Accountants’ Report.

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Article 143 of the Civil Code of the People’s Republic of China (中華人民共和國民法典) stipulates that a civil legal act is valid if it is conducted by parties with the requisite capacity for civil conduct, is based on genuine intent, and does not contravene mandatory provisions of laws, administrative regulations, or public order and morals. Adhering to the principle of autonomy of will, the Company and the Pre-[REDACTED] Investors explicitly agreed that the redemption right granted by the Company was irrevocably terminated and deemed *void ab initio*. Through the execution of the Supplemental Agreements, while the clauses concerning the redemption right granted by the Company has never been exercised, both parties agreed to terminate these clauses and to treat them as having no legal effect from the time of their execution, thereby restoring the rights and obligations of both parties to the status quo ante as if such clauses had never been agreed upon. This arrangement does not violate any mandatory provisions of laws, administrative regulations, or public order and morals, and is thus legally valid. Based on the above, the PRC Legal Advisors are of the view that the redemption right granted by the Company agreed upon by the Company and the Pre-[REDACTED] Investors has been irrevocably terminated and shall be deemed *void ab initio*.

Information regarding Our Principal Pre-[REDACTED] Investors

Set out below is a description of our Sophisticated Independent Investors (including Pathfinder SIIs) and other principal Pre-[REDACTED] Investors (being sophisticated investors such as private equity funds and corporations, and that have made meaningful investments in our Company (each holding more than 1.00% of our total issued and outstanding Shares immediately prior to the [REDACTED])). Among our Pre-[REDACTED] Investors, we have six Sophisticated Independent Investors, three of which are Pathfinder Sophisticated Independent Investors. To the best knowledge of our Directors, each of our Sophisticated Independent Investors and other principal Pre-[REDACTED] Investors is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, or its subsidiaries, or any of their respective close associates, and each of such Pre-[REDACTED] Investors is independent from each other unless as disclosed otherwise.

Our Pathfinder SIIs

Huiyou Investors (Huiyou Haojia and Huiyou Chuangjia)

Huiyou Haojia is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Huiyou Haojia is Xiamen Huiyou Lanying Management Consulting Partnership Enterprise (Limited Partnership) (廈門惠友藍楹管理諮詢合夥企業(有限合夥)) (“Huiyou Lanying”). The general partner of Huiyou Lanying is Shenzhen Huiyou Private Equity Fund Management Co., Ltd. (深圳市惠友私募股權基金管理有限公司) (“Huiyou PE”), a company ultimately controlled as to 67.00% by Yang Longzhong (楊龍忠) and as to 33.00% by Deng Jun (鄧軍), each of whom is an independent third party. None of the 32 limited partners of Huiyou Haojia holds more than 30.00% equity interests in Huiyou Haojia. Each of the limited partners of Huiyou Haojia is an independent third party.

Huiyou Chuangjia is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Huiyou Chuangjia is Huiyou PE. The largest limited partner of Huiyou Chuangjia is Infotech National Emerging Industry Venture Investment Guidance Fund (L.P.) (盈富泰克國家新興產業創業投資引導基金(有限合夥)) (“Infotech Fund”), holding 31.82% of equity interests in Huiyou Chuangjia. The general partner of Infotech Fund is Infotech (Shenzhen) Emerging Industry Investment Fund Management Co., Ltd. (盈富泰克(深圳)新興產業投資基金管理有限公司), which is owned as to 50.00% by Shenzhen Xinhaitai Investment Consulting Co., Ltd. (深圳市鑫海泰投資諮詢有限公司) (“Shenzhen Xinhaitai”) and as to 50.00% by Infotech Venture Capital Co., Ltd. (贏富泰克創業投資有限公司) (“Infotech VC”). Shenzhen Xinhaitai has 37 shareholders, none of whom holds more than 30.00% equity interest in Shenzhen Xinhaitai. Infotech VC has 10 shareholders, none of whom holds more than 30.00% equity interest in Infotech VC. None of the other 11 limited partners of Huiyou Chuangjia holds more than 30.00% equity interest in Huiyou Chuangjia. Each of the limited partners of Huiyou Chuangjia is an independent third party.

Our Company became acquainted with Huiyou Investors through personal acquaintance with our management team. Since its establishment in 2013, Huiyou PE has focused on investment in semiconductors, new materials and energy and advanced manufacturing sectors in the PRC. In particular, Huiyou PE has accumulated intensive investment experience in chips industries by investing in

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companies including Guangzhou CanSemi Technology Inc. (粵芯半導體技術股份有限公司), Changsha Chi Xin Semiconductor Technology Co., Ltd. (長沙馳芯半導體科技有限公司), Shenzhen Rausees Intelligent Technology Co., Ltd. (深圳瑞識智能科技有限公司) and UNICMICRO (Guangzhou) Co., Ltd. (廣芯微電子(廣州)股份有限公司).

As of the date of this document, Huiyou Investors collectively held approximately 5.75% of the total issued Shares of our Company. The AUM of Huiyou PE was approximately HK\$2.5 billion as of March 31, 2021 (being a date not more than six months prior to the date on which the definitive agreement for its earliest investment in our Company was signed), and approximately HK\$5.5 billion as of December 31, 2025, respectively, both of which were derived primarily from Specialist Technology investments focusing on advanced hardware and software, advanced materials and next-generation information technology sectors, as confirmed by Frost & Sullivan. The growth of AUM of Huiyou PE between March 31, 2021 and December 31, 2025 was attributable to the investment experience, knowledge and expertise of Huiyou PE. As Huiyou PE is ultimately responsible for the investment decisions of Huiyou Haojia and Huiyou Chuangjia, the different shareholding entities are purely different funds managed by the same fund manager and should therefore be aggregated as one SII pursuant to Chapter 2.5 of the Guide.

At the initial stage, as Huiyou PE focuses on early-stage investments, it takes time for the businesses of the invested start-ups to develop and scale. As the operations of these start-ups matured and expanded over time, the value and size of Huiyou PE’s investment portfolio grew accordingly. Over the years, the number of Huiyou PE’s Specialist Technology investments has also increased, which dramatically contributed to the overall growth of its portfolio size. This gradual expansion in both number and value of investments lead to the relatively small size of their investment portfolio in 2021 and the subsequent growth.

In 2021, China’s Specialist Technology industries were still at an early stage, with relatively few sizeable players in the market. At that time, Huiyou PE’s investment represented a forward-looking and significant commitment to the industries’ nascent development, and it would not be appropriate to evaluate the scale of Huiyou PE’s investment against today’s standards. With the development of technology industry over the past several years, the AUM of Huiyou PE has developed steadily. As of September 30, 2025, Huiyou PE had an investment portfolio of over HK\$5.0 billion derived primarily from Specialist Technology investments.

Since its inception in 2013, Huiyou PE has grown into a full-chain fund management company primarily focused on early-stage investments in innovative companies, while actively participating in growth-stage and mid-to-late stage opportunities. Huiyou PE has invested in over 50 companies across diverse Specialist Technology sectors such as robotics and automation, semiconductor, new generation information technology and advanced manufacturing. Huiyou PE’s diverse investment portfolio demonstrates its exceptional foresight and robust investment capabilities. Furthermore, Huiyou PE has also accumulated investment experience in semiconductor industries by investing in semiconductor companies including but not limited to Hunan Advchip Electronic Technology Co., Ltd (湖南進芯電子科技有限公司), Zhuhai Huaxin Microelectronics Co., Ltd. (珠海華芯微電子有限公司), Chip Wealth Technology Ltd. (芯穎科技有限公司), Shenzhen Think Future Semiconductor Co., Ltd. (深圳市思遠半導體有限公司), Changsha Chi Xin Semiconductor Technology Co., Ltd. (長沙馳芯半導體科技有限公司) and Shenzhen Newsonic Technologies Co., Ltd. (深圳新聲半導體有限公司).

Accordingly, despite that the AUM of Huiyou PE did not reach HK\$5.0 billion as of March 31, 2021, its growth of AUM was attributable to its investment experience, knowledge and expertise, especially in Specialist Technology investments and thus qualifies as a sophisticated independent investor.

Hongtai Investors (Longmen Beizeng and Guotong Hongtai)

Longmen Beizeng is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Longmen Beizeng is Wuhu Hongtai Zhixin Investment Co., Ltd. (蕪湖市洪泰智信投資有限公司), an indirectly wholly-owned subsidiary of Qingdao Xinchun Technology Innovation Industrial Co., Ltd. (青島鑫宸科創實業有限公司) (“Hongtai Holdco”). Hongtai Holdco is ultimately owned as to 75.50% and thus is controlled by Sheng Xitai (盛希泰), an independent third party. None of the 12 limited partners of Longmen Beizeng holds more than 30% partnership interests in Longmen Beizeng. Each of the limited partners of Longmen Beizeng is an independent third party.

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Guotong Hongtai is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Guotong Hongtai is Beijing Hongtai Qichuang Investment Management Co., Ltd. (北京洪泰啟創投資管理有限公司), which is owned as to 80.00% by Hongtai Holdco. None of the 15 limited partners of Guotong Hongtai holds more than 30% partnership interests in Guotong Hongtai. Each of the limited partners of Guotong Hongtai is an independent third party.

Our Company became acquainted with Hongtai Investors through personal acquaintance with our management team. Founded in 2014, Hongtai Capital is an investment firm that focuses on five major investment fields across China, including information technology, advanced manufacturing, pharmacy and medical care, consumption & education and new materials. Portfolio companies of Hongtai Holdco include Edianyun Limited (易點雲有限公司) (stock code: 2416.HK), Shandong Linuo Pharmaceutical Packaging Co., Ltd. (山東力諾醫藥包裝股份有限公司) (stock code: 301188.SZ) and Guangdong KST Optical Co., LTD. (廣東科視光學技術股份有限公司) (ticker: 874636.NEEQ). Hongtai Holdco has also accumulated solid investment experience in chip and related industries by investing in companies including Suzhou Xien Technology Co., Ltd. (蘇州西恩科技有限公司), Shenzhen Newsonic Semiconductor Co., Ltd. (深圳新聲半導體有限公司), Wuhan Aroptics-tech Co., Ltd. (武漢光安倫光電技術有限公司) and HGC (Wuhan) Technology Co., Ltd. (華引芯(武漢)科技有限公司).

As of the date of this document, Hongtai Investors collectively held approximately 4.70% of the total issued Shares of our Company. The AUM of Hongtai Holdco was approximately RMB30.0 billion as of June 30, 2023 (being a date not more than six months prior to the date on which the definitive agreement for its earliest investment in our Company was signed), and was approximately RMB30.0 billion as of December 31, 2025, respectively. As Hongtai Holdco is ultimately responsible for the investment decisions of Longmen Beizeng and Guotong Hongtai, the different shareholding entities are purely different funds managed by the same fund manager and should therefore be aggregated as one SII pursuant to Chapter 2.5 of the Guide.

Hony Honghao

Hony Honghao is a limited partnership established under the laws of the PRC. The general partner of Honi Honghao is Tianjin Hongxing Enterprise Management Partnership (Limited Partnership) (天津弘興企業管理合夥企業(有限合夥)) (“Tianjin Hongxing”). The general partner of Tianjin Hongxing is Honi Private Equity Fund Management (Tianjin) Partnership (Limited Partnership) (弘毅私募基金管理(天津)合夥企業)(有限合夥) (“Honi PE”) which, in its capacity as the registered manager, manages the funds and investment vehicles under Tianjin Hongxing, including the investment portfolios of Honi Honghao. The general partner of Honi PE is Honi Enterprise Holdings (Shenzhen) Co., Ltd. (弘毅企業控股(深圳)有限公司), which is ultimately controlled by John Zhao Huan, Minsheng Xu and Yonggang Cao, each of whom is an independent third party. The sole limited partner of Honi Honghao is Hongxing Green Venture Capital Industry Fund (Anhui) (Limited Partnership) (弘興綠色創業投資產業基金(安徽)(有限合夥)) (“Hongxing Green Venture”), an independent third party holding 99.67% of partnership interests in Honi Honghao. Hongxing Green Venture is controlled by Honi PE. Our Company became acquainted with Honi Honghao through personal acquaintance with our management team.

Hony Capital, founded in 2003, is a leading investment management firm that specializes in private equity, with operations extending to real estate, securities funds, direct management and control platform and other business sectors. Honi Capital has established China as the primary market, anchored by its investments in over 100 companies across key sectors such as artificial intelligence, semiconductors, green & low carbon, life sciences, mass consumption and services. Portfolio companies of Honi Capital include ByteDance, China Glass Holdings Limited (中國玻璃控股有限公司) (3300.HK), ENN Natural Gas Co., Ltd. (新奧天然氣股份有限公司) (600803.SH) and China Jushi Co., Ltd. (中國巨石股份有限公司) (600176.SH).

As of the date of this document, Honi Honghao held approximately 2.78% of the total issued Shares of our Company. The AUM of Honi PE was approximately RMB18.2 billion as of June 30, 2022 (being a date not more than six months prior to the date on which the definitive agreement for its earliest investment in our Company was signed), and approximately RMB17.0 billion as of March 31, 2026, respectively. The decrease of AUM primarily reflected certain investment exits by Honi PE to realize its returns, which is in line with Honi PE’s investment strategy. As the investment decisions of Honi Honghao are ultimately managed and controlled by Honi PE, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Honi Honghao qualifies as a Sophisticated Independent Investor.

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Our Other Sophisticated Independent Investors

Sumin Capital

Sumin Capital is limited liability company incorporated under the laws of the PRC and a wholly owned subsidiary of Jiangsu Private Investment Holding Co., Ltd. (江蘇民營投資控股有限公司) (“Sumin Investment”). Sumin Investment is owned as to 34.70% by Wuxi Sumin Lihua Enterprise Management Co., Ltd. (無錫蘇民利華企業管理有限公司) (“Sumin Lihua”) and 32.75% by Wuxi Sumin Yuehe Enterprise Management Co., Ltd. (無錫蘇民悅合企業管理有限公司) (“Sumin Yuehe”), each of which is a wholly owned subsidiary of Sumin Investment and an independent third party. Except for China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司), an investment firm holding 10.00% equity interest in Sumin Investment, none of other 13 shareholders of Sumin Investment holds more than 10.00% equity interest in Sumin Investment. The shareholders of Sumin Investment are independent from each other. Our Company became acquainted with Sumin Capital through personal acquaintance with our management team.

Under the coordination and facilitation of the Jiangsu Federation of Industry and Commerce (江蘇省工商聯) and the Wuxi Municipal People’s Government (無錫市人民政府), Sumin Investment was jointly incorporated as an investment platform by a group of outstanding private enterprises in Jiangsu Province in the PRC, including Hodo Group Co., Ltd. (紅豆集團有限公司) (600400.SH), Shagang Group (沙鋼集團), Jiangsu Zhongchao Holding Co., Ltd. (江蘇中超控股股份有限公司) (002471.SZ) and Miracle Automation Engineering Co., Ltd. (天奇自動化工程股份有限公司) (002009.SZ). Sumin Investment has accumulated intensive investment experience in Specialist Technology industries by investing in companies including Shanghai V-Test Semiconductor Tech. Co., Ltd (上海偉測半導體科技股份有限公司) (688372.SH), Jiangsu Aisen Semiconductor Material Co., Ltd (江蘇艾森半導體材料股份有限公司) (688720.SH), Shandong Hi-Tech Spring Material Technology Co., Ltd (山東海科新源材料科技股份有限公司) (301292.SZ) and Chengdu ACTT Technology Co., Ltd. (成都銳成芯微科技股份有限公司).

As of the date of this document, Sumin Capital held approximately 1.17% of the total issued Shares of our Company. The AUM of Sumin Investment was approximately RMB6.0 billion as of December 31, 2022 (being a date not more than six months prior to the date on which Sumin Capital signed the relevant definitive agreement for its investment in our Company), and approximately RMB5.2 billion as of December 31, 2025, respectively, both of which were derived primarily from Specialist Technology investments in technological innovation investment focusing on advanced hardware and software, advanced materials and next-generation information technology sectors, as confirmed by Frost & Sullivan. As the investment decisions of Sumin Capital are ultimately managed and controlled by Sumin Investment, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Sumin Capital qualifies as a Sophisticated Independent Investor.

Chery Technology

Chery Technology is a limited liability company incorporated under the laws of the PRC. Chery Technology is a wholly-owned subsidiary of Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司) (“Chery Automobile”), a company listed on the Hong Kong Stock Exchange (stock code: 9973).

Our Company became acquainted with Chery Technology through personal acquaintance with our management team. As confirmed by Frost & Sullivan, Chery Automobile is a key participant in the downstream passenger vehicle sector in the PRC (in terms of sales revenue) as of December 31, 2021 and December 31, 2025, respectively. According to Frost & Sullivan, Chery Automobile is the fourth largest Chinese domestic brand passenger vehicle company, and the 14th largest passenger vehicle company globally, in terms of global sales volume of passenger vehicles in 2025. Chery Technology held approximately 0.94% of our issued Shares as of the date of this document.

Lucion Wanneng

Lucion Wanneng is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Lucion Wanneng is Anhui Lucion Private Equity Investment Fund Management Co., Ltd. (安徽魯信私募股權投資基金管理有限公司), which is owned as to 30.00% by Anhui Lucion Investment Co., Ltd. (安徽魯信投資有限公司) (“Anhui Lucion”), a private equity fund management platform under Lucion Venture Investment Group Co., Ltd. (魯信創業投資集團股份有限公司) (“Lucion Investment”) whose shares are listed on the Shanghai Stock Exchange (stock

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code:600783.SH), and as to 25.00% by Shandong High-tech Venture Investment Co., Ltd. (山東省高新技術創業投資有限公司), a wholly owned subsidiary of Lucion Investment. The largest shareholder of Anhui Lucion is Lucion Investment, an independent third party holding 49.00% equity interest in Anhui Lucion which is able to exert significant influence over the investment decision of the funds under Anhui Lucion's management. Yu Hui (于暉), as a deputy general manager of Lucion Investment, was designated by Lucion Investment to serve as the chairman of board of Anhui Lucion overseeing its investment decision-makings. The largest limited partner of Luxin Wanneng is Lucion Investment, holding 39.40% partnership interests in Luxin Wanneng. None of the other seven limited partners of Lucion Wanneng holds more than 30% partnership interests in Luxin Wanneng. Each of the limited partners of Luxin Wanneng is an independent third party.

Our Company became acquainted with Lucion Investment through industry networking events. Lucion Investment is the largest venture capital company in Shandong Province and the first venture capital company listed on a domestic stock exchange in the PRC.

As of the date of this document, Lucion Wanneng held approximately 1.85% of the total issued Shares of our Company. The AUM of Lucion Investment was approximately RMB13.0 billion as of June 30, 2023 (being a date not more than six months prior to the date on which Lucion Wanneng signed the relevant definitive agreement for its investment in our Company), which were derived primarily from Specialist Technology investments in technological innovation investment focusing on advanced materials, advanced hardware and software and next-generation information technology sectors, as confirmed by Frost & Sullivan, and approximately RMB15.7 billion as of December 31, 2025. As the investment decisions of Lucion Wanneng are ultimately managed and controlled by Lucion Investment, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Lucion Wanneng qualifies as a Sophisticated Independent Investor.

Haihe Rongzhi

Haihe Rongzhi is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Haihe Rongzhi is Shanghai Yihao Enterprise Management Partnership (Limited Partnership) (上海詣灝企業管理合夥企業(有限合夥)), which is managed by Shanghai Guohe Modern Service Industry Equity Investment Management Co., Ltd. (上海國和現代服務業股權投資管理有限公司) (“Shanghai Guohe”). Shanghai Guohe is owned as to 48.00% by Shanghai International Group Co., Ltd. (上海國際集團有限公司), which is wholly owned by Shanghai Municipal State-owned Assets Supervision and Management Commission (上海市國有資產監督管理委員會). None of other four shareholders of Shanghai Guohe holds more than 30.00% equity interest in Shanghai Guohe. The limited partner of Haihe Rongzhi is Wenling Industrial Investment Co., Ltd. (溫嶺市產業投資有限公司), a company ultimately wholly owned by Wenling Municipal Finance Bureau (溫嶺市財政局). Our Company became acquainted with Haihe Rongzhi through personal acquaintance with our management team.

Founded in 2009 as the strategic holding institution of Shanghai International Group, Shanghai Guohe is an investment platform focusing on investments in industries including enterprise services, financial technology, supply chain upgrading, new consumption, new energy, new materials, medical and health. Portfolio companies of Shanghai Guohe include AIInnovation Technology Group Co., Ltd (創新奇智科技集團股份有限公司) (stock code: 2121.HK), Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一視界數字孿生科技股份有限公司) (stock code: 6651.HK), Weimob Inc. (stock code: 2013. HK), Asiainfo Security Technologies Co., Ltd. (亞信安全科技股份有限公司) (stock code: 688225.SH) and Qi An Xin Technology Group Inc. (奇安信科技集團股份有限公司) (stock code: 688561.SH).

As of the date of this document, Haihe Rongzhi held approximately 1.48% of the total issued Shares of our Company. The AUM of Shanghai Guohe was approximately RMB8.0 billion as of September 30, 2025 (being a date not more than six months prior to the date on which Haihe Rongzhi signed the relevant definitive agreement for its investment in our Company) and approximately RMB8.0 billion as of December 31, 2025, which were derived primarily from Specialist Technology investments in artificial intelligence, advanced materials, electric and autonomous vehicles, advanced hardware and software and next-generation information technology sectors, as confirmed by Frost & Sullivan. As the investment decisions of Haihe Rongzhi are ultimately managed and controlled by Shanghai Guohe, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Haihe Rongzhi qualifies as a Sophisticated Independent Investor.

Chengdu Xingjin

Chengdu Xingjin is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Chengdu Xingjin is Chengdu Xingjin Equity Investment Fund

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Management Co., Ltd. (成都興錦股權投資基金管理有限公司), a wholly owned subsidiary of Chengdu Jinjiang Investment Development Group Co., Ltd. (成都市錦江投資發展集團有限責任公司) (“Chengdu Jinjiang”), holding 0.20% partnership interest in Chengdu Xingjin. Chengdu Jinjiang is ultimately wholly owned by Chengdu Jinjiang District State-owned Assets Supervision and Management Bureau (成都市錦江區國有資產監督管理局). The remaining 99.80% partnership interest of Chengdu Xingjin was owned directly and indirectly by Chengdu Jinjiang.

Chengdu Jinjiang is a comprehensive investment platform established and supervised by People’s Government of Jinjiang District, Chengdu City, focusing on capital operation, investment holding and asset management. Our Company became acquainted with Chengdu Xingjin through personal acquaintance with our management team.

As of the date of this document, Chengdu Xingjin held approximately 0.86% of the total issued Shares of our Company. The AUM of Chengdu Jinjiang was over RMB150.0 billion as of September 30, 2025 (being a date not more than six months prior to the date on which Haihe Rongzhi signed the relevant definitive agreement for its investment in our Company) and approximately RMB150.0 billion as of December 31, 2025. As the investment decisions of Chengdu Xingjin are ultimately managed and controlled by Chengdu Jinjiang, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Chengdu Xingjin qualifies as a Sophisticated Independent Investor.

Changchun Changxing

Changchun Changxing is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Changchun Changxing is Changchun Municipal Equity Investment Fund Management Co., Ltd. (長春市股權投資基金管理有限公司) (“Changchun Fund”), a company ultimately wholly owned by Changchun Municipal Finance Bureau (長春市財政局), holding 3.00% partnership interest in Changchun Changxing. The remaining 97.00% partnership interest of Changchun Changxing was owned indirectly by Changchun Municipal Finance Bureau. Changchun Fund is a state-owned fund management company focusing on investments in emerging industries including new energy, information technology, advanced manufacturing and new materials. Our Company became acquainted with Changchun Changxing through referral from our business partners.

As of the date of this document, Changchun Changxing held approximately 0.59% of the total issued Shares of our Company. The AUM of Changchun Fund was over RMB30.0 billion as of September 30, 2025 (being a date not more than six months prior to the date on which Haihe Rongzhi signed the relevant definitive agreement for its investment in our Company) and approximately RMB30.0 billion as of December 31, 2025. As the investment decisions of Changchun Changxing are ultimately managed and controlled by Changchun Fund, whose AUM meets the threshold set out in Chapter 2.5 of the Guide, Changchun Changxing qualifies as a Sophisticated Independent Investor.

Our Other Principal Pre-[REDACTED] Investors

Leaguer Angel

Leaguer Angel is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Leaguer Angel is Shenzhen Leaguer Sci Tech Innovation and Entrepreneurship Investment Co., Ltd. (深圳市力合科創創業投資有限公司), a wholly-owned subsidiary of Leaguer Group Co., Ltd. (力合科創集團有限公司) (“Leaguer Group”). Leaguer Group is a wholly-owned subsidiary of Shenzhen Leaguer Co., Ltd. (深圳市力合科創股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002243.SZ). The limited partners of Leaguer Angel include (a) Shenzhen Qingyan Management Consulting Co., Ltd. (深圳清研管理諮詢有限公司), a subsidiary of Leaguer Group, holding 48.00% partnership interest in Leaguer Angel, (b) Shenzhen Angel FOF Management Co., Ltd. (深圳市天使投資引導基金有限公司), a company ultimately wholly owned by Shenzhen Municipal Finance Bureau (深圳市財政局), holding 40.00% partnership interest in Leaguer Angel, and (c) Leaguer Hongxin, holding 11.00% partnership interest in Leaguer Angel. Each of the limited partners of Leaguer Angel is an independent third party.

Zhidian Technology

Zhidian Technology is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Zhidian Technology is Ma’anshan Zhidian Chuangke Technology Industrial Investment Co., Ltd. (馬鞍山支點創科科技產業投資有限公司), a company

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controlled as to 40.00% by Shanghai Zhidian Investment Management Co., Ltd. (上海支點投資管理有限公司) (“Shanghai Zhidian”), as to 20.00% by Ma’anshan Economic and Technology Development Zone Construction Investment Co., Ltd. (馬鞍山經濟技術開發區建設投資有限公司), which is wholly owned by the Management Committee of Ma’anshan Economic and Technology Development Zone (馬鞍山經濟技術開發區管理委員會), as to 20.00% by Shanghai Keqi Investment Management Co., Ltd. (上海科啓投資管理有限公司) (“Shanghai Keqi”) and as to 20.00% by Jiangdong Holdings Group Co., Ltd. (江東控股集團有限責任公司), which is wholly owned by Ma’anshan Municipal People’s Government Office (馬鞍山市人民政府辦公室). The largest shareholder of Shanghai Zhidian is Pan Jianchen (潘建臣), an independent third party holding 30.44% equity interests in Shanghai Zhidian. None of the other 12 shareholders of Shanghai Zhidian holds more than 30.00% equity interests therein. Shanghai Keqi is controlled as to 45.00% by Shanghai Zhidian, as to 35.00% by Zeng Wei (曾偉), as to 15.00% by Pan Jianchen and as to 5.00% by Shanghai Urban Public Security Research Center (上海城市公共安全研究中心), each of which is an independent third party. Zhidian Technology has five limited partners, each of which is an independent third party holding less than 30% partnership interests in Zhidian Technology.

Lihe Hongxin

Lihe Hongxin is an equity investment fund established in the form of limited partnership under the laws of PRC. The general partner of Lihe Hongxin is Zhuhai Zijing Hongxin Investment Management Co., Ltd. (珠海紫荊泓鑫投資管理有限公司), a company owned as to 45.00% by Zhao Binhong (趙賓紅), as to 30.00% by Lihe Group Co., Ltd. (力合科創集團有限公司) (“Leaguer Group”), a subsidiary of Shenzhen Lihe Co., Ltd. (深圳市力合科創股份有限公司) (002243.SZ) and as to 25.00% by Liang Yan (梁艷), each an independent third party. The only limited partner of Lihe Hongxin is Shenzhen Hongxin Investment Partnership (L.P.) (深圳市泓鑫投資合夥企業(有限合夥)) (“Shenzhen Hongxin”), holding 99.67% partnership interests in Lihe Hongxin. Shenzhen Hongxin is owned as to 30.00% by Li Yongliang (李永良) as its general partner, and as to 40% by Li Yongjun (李永軍) and as to 30% by Li Yongkui (李永魁) as its limited partners, each of whom is an independent third party.

Greenwoods Jingying

Greenwoods Jingying is an equity investment fund established in the form of limited partnership under the laws of the PRC. The general partner of Greenwoods Jingying is Shenzhen Jinghui Consulting Management Partnership (Limited Partnership) (深圳景輝諮詢管理合夥企業(有限合夥)), whose general partner is Shanghai Greenwoods Equity Investment Management Limited (上海景林股權投資管理有限公司), a wholly owned subsidiary of Greenwoods Capital Management Co., Ltd. (景林資本管理有限公司) (“Greenwoods Capital”). Greenwoods Capital is ultimately controlled by Jiang Jinzhi (蔣錦志), an independent party. None of the 12 limited partners of Greenwoods Jingying holds more than 30.00% partnership interests in Greenwoods Jingying. Each of the limited partners of Greenwoods Jingying is an independent third party.

Songrui Investors (Songrui Phase I and Songrui Phase II)

Songrui Phase I and Songrui Phase II are equity investment funds established in the form of limited partnership under the laws of the PRC. The general partner of Songrui Phase I and Songrui Phase II is Hefang Innovation (Xiamen) Private Equity Fund Management Co., Ltd. (合方創新(廈門)私募基金管理有限公司), a company ultimately controlled as to 56.30% by Chen Hongpeng (陳鴻鵬), an independent third party, and as to 33.78% by the Xiamen State-owned Assets Supervision and Management Commission (廈門市國有資產監督管理委員會). Neither the 13 limited partners of Songrui Phase I nor the 11 limited partners of Songrui Phase II hold more than 30% partnership interests in Songrui Phase I and Songrui Phase II, respectively. Each of the limited partners of Songrui Phase I and Songrui Phase II is an independent third party.

Boting Investment

Boting Investment was established in the form of limited partnership under the laws of the PRC. The general partnership is Jinshuo Hechuang Private Equity Fund Management (Sanya Hainan) Co., Ltd. (金碩合創私募基金管理(海南三亞)有限公司) (“Jinshuo Hechuang”), which is owned as to 99.00% by Li Guanwen (李冠文), an independent third party. The only limited partner of Boting Investment is Shenzhen Manjinghua Investment Group Co., Ltd. (深圳市滿京華投資集團有限公司), which holds 98.00% partnership interests in Boting Investment and is ultimately controlled by Mr. Li Guanbin (李冠濱), an independent third party.

Zhongyun Funds (Zhongyun No.3 and Zhongyun No.5)

Each of Zhongyun No.3 and Zhongyun No.5 was established as a limited liability partnership under the laws of the PRC. The general partner of both Zhongyun No.3 and Zhongyun No.5 is Beijing

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Yunnengtai Private Equity Fund Management Co., Ltd. (北京雲能態私募基金管理有限公司), which is owned as to 80.00% by Liu Jing (劉京) and as to 20.00% by Jiang Quan (蔣泉), each of whom is an independent third party. The largest limited partner of Zhongyun No.3 is Mei Chuanzhuang (梅傳莊), an independent third party holding 35.29% partnership interest in Zhongyun No.3. The largest limited partner of Zhongyun No.5 is Li Wenbing (李文兵), an independent third party holding 55.29% partnership interest in Zhongyun No.5. None of other eight limited partners of Zhongyun No.3 and other six limited partners of Zhongyun No.5 holds more than 30.00% partnership interest in Zhongyun No.3 or Zhongyun No.5, respectively. Each of the limited partners of Zhongyun No.3 and Zhongyun No.5 is an independent third party.

Xiamen Lingkai

Xiamen Lingkai was established in the form of limited partnership under the laws of the PRC. The general partner of Xiamen Lingkai is Xiamen Lingkai Private Equity Fund Management Co., Ltd. (廈門翎凱私募基金管理有限公司), which is owned as to 51.00% by Zhou Shengnan (周勝男), as to 44.00% by Ke Xin (柯欣) and as to 5.00% by Tan Wenxin (談文欣), each of whom is an independent third party. The largest partner of Xiamen Lingkai is Xiamen Hengxing Group Co., Ltd. (廈門恒興集團有限公司), which holds 82.58% partnership interest in Xiamen Lingkai and is owned as to 99.34% by Ke Xiping (柯希平), an independent third party. None of other five limited partners of Xiamen Lingkai holds more than 30.00% partnership interest in Xiamen Lingkai. Each of the limited partners of Xiamen Lingkai is an independent third party.

Meaningful Investment from Sophisticated Independent Investors

We have received investments from three Pathfinder SIIs, namely Huiyou Investors, Hongtai Investors and Hony Honghao, each having invested in the Group for at least 12 months prior to the first submission of our [REDACTED] to the Stock Exchange for the purpose of the [REDACTED]. In compliance with Chapter 2.5 of the Guide, each of the Huiyou Investors and Hongtai Investors held more than 3%, and all our Pathfinder SIIs in aggregate held more than 10%, of the issued share capital of our Company as of the date of our [REDACTED] and throughout the [REDACTED] 12-months period. For details of the shareholding percentage in our Company’s share capital of each of the Sophisticated Independent Investors, see “—Capitalization of Our Company.”

As of the date of this document, our Sophisticated Independent Investors (the “Existing SIIs”) held, in aggregate, approximately 20.12% in the total issued share capital of our Company. It is expected that upon the [REDACTED], the Existing SIIs will hold, in aggregate, approximately [REDACTED]% of the issued share capital of the Company (assuming the [REDACTED] is not exercised). The Company intends to approach potential investors who qualify as Sophisticated Independent Investors through non-deal roadshows, roadshows and other investor communication events. In addition, subject to the granting of a consent under Paragraph 1C of Appendix F1 of the Listing Rules by the Stock Exchange, the Company will enquire the intention of our existing Sophisticated Independent Investors to subscribe for the [REDACTED] in the [REDACTED]. Each of our Company, the Sole Sponsor, [REDACTED] and [REDACTED] undertakes that sufficient [REDACTED] would be allocated to the sophisticated independent investors participating as placees (the “Placee SIIs”) under the placing tranche of the [REDACTED] and all Sophisticated Independent Investors (including the Existing SIIs and the Placee SIIs) will hold, in aggregate, no less than 20% in the total issued share capital of our Company, assuming that our expected [REDACTED] at the time of [REDACTED] will be more than HK\$[REDACTED] but less than HK\$[REDACTED] and the [REDACTED] is not exercised.

Compliance with the Guide

Based on the fact that (i) the consideration for the pre-[REDACTED] investments was irrevocably settled on a date, which is more than 120 days before the [REDACTED], and (ii) the special rights granted to the Pre-[REDACTED] Investors shall be terminated in compliance with Chapter 4.2 of the Guide, the Sole Sponsor has confirmed that the pre-[REDACTED] investments are in compliance with the Chapter 4.2 of the Guide.

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, the equity transfers and increases in the registered capital in respect of our Company and our Company’s principal subsidiary, as described above have been completed and settled, and all regulatory approvals, registrations or filings have been granted in accordance with PRC laws and regulations.

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LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including our Pre-[REDACTED] Investors) are prohibited from disposing of any of the Shares held by them.

The following Shares will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules at the time of the [REDACTED]:

Name	Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED] ⁽¹⁾	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the [REDACTED] ⁽¹⁾	Lock-up period
Key persons and their close associates				
Mr. Chen ⁽²⁾	Founder, executive Director, chairman of the Board, chief executive officer and core R&D team member	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Ms. Wang ⁽³⁾	Mr. Chen’s spouse	[REDACTED]	[REDACTED]%	
Xichuang Lekang LP ⁽⁴⁾⁽⁵⁾	Mr. Chen’s close associate	[REDACTED]	[REDACTED]%	
Xichuang Leyuan Shareholding Platform ⁽⁴⁾⁽⁵⁾	Mr. Chen’s close associate	[REDACTED]	[REDACTED]%	
Xichuang Lejia Shareholding Platform ⁽⁴⁾⁽⁵⁾	Mr. Chen’s close associate	[REDACTED]	[REDACTED]%	
Xichuang Lexin Shareholding Platform ⁽⁴⁾⁽⁵⁾	Mr. Chen’s close associate	[REDACTED]	[REDACTED]%	
Pathfinder SII				
Huiyou Investors	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of six months from the [REDACTED]
Hongtai Investors	Pathfinder SII	[REDACTED]	[REDACTED]%	
Hony Honghao	Pathfinder SII	[REDACTED]	[REDACTED]%	

(1) Assuming the [REDACTED] is not exercised.

(2) Mr. Chen, our founder, executive Director, chairman of the Board and chief executive officer, is a key person responsible for our technical operations and/or the research and development of our Specialist Technology Products who is subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.

(3) Ms. Wang is the spouse of Mr. Chen and thus a close associate of Mr. Chen under the Listing Rules.

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- (4) As of the Latest Practicable Date, Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform were established as our Shareholding Platforms, under which the limited partners (including our executive Directors, Mr. Chen, Shi Guangtao and Huang Zhiwen, our non-executive Director, Zhao Wentao as well as our core R&D members of our Group, namely Zhang Haiyue, Fan Shuo, Sun Binxuan and Lin Jianjun) were awarded partnership interest in such platforms. See “Business—Research and Development—Our R&D Team and Core Members” for further details. All the above executive Directors, non-executive Director and core R&D members shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules with respect to any Shares and partnership interest in our Shareholding Platforms held by them. Our Company, our Directors as well as Xichuang Technology, in the capacity of the general partner of the Shareholding Platforms, will continuously monitor the compliance by the relevant grantees with the lock-up requirements at the Shareholding Platform level throughout the lock-up period. In addition, each of the relevant executive Directors, non-executive Director and core R&D personnel has provided their respective undertaking in respect of the lock-up requirements at the Shareholding Platform level. Except for Mr. Chen, none of our other executive Directors, senior management members or core members of R&D directly holds any Shares of our Company as of the Latest Practicable Date.
- (5) As of the Latest Practicable Date, each of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform was controlled by Xichuang Technology as the general partner. Xichuang Technology is owned by Mr. Chen as to 51.00%. Therefore, each of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform is a close associate of Mr. Chen under the Listing Rules and is subject to the lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.

[REDACTED]

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming that the [REDACTED] is not exercised, (i) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low end of the indicative [REDACTED] range), our expected [REDACTED] upon the [REDACTED] is approximately HK\$[REDACTED] billion, and the minimum prescribed public float percentage applicable to our Shares is [REDACTED]% under 19A.13A(1) of the Listing Rules; (ii) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), our expected [REDACTED] upon the [REDACTED] is approximately HK\$[REDACTED] billion, and the minimum prescribed public float percentage applicable to our Shares is [REDACTED]% under 19A.13A(1) of the Listing Rules; and (iii) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the top end of the indicative [REDACTED] range), our expected [REDACTED] upon the [REDACTED] is approximately HK\$[REDACTED] billion, and the minimum prescribed public float percentage applicable to our Shares is [REDACTED]% under 19A.13A(1) of the Listing Rules.

Of the [REDACTED] H Shares to be converted from Unlisted Shares and [REDACTED] on the Stock Exchange following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares:

- (a) [REDACTED] H Shares representing approximately [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming that the [REDACTED] is not exercised)) will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules upon the [REDACTED] as such H Shares are held by Mr. Chen, Ms. Wang, Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, the core connected persons of our Company; and
- (b) the remaining [REDACTED] H Shares (representing approximately [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)) will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the [REDACTED] as such Shareholders are not core connected persons of our Company upon the [REDACTED] nor accustomed to take instructions from our Company’s core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company’s core connected persons.

Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

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[REDACTED] FLOAT

[REDACTED]

Our Company will be able to satisfy the [REDACTED] float requirements under Rule 19A.13C of the Listing Rules.

SHAREHOLDING PLATFORMS

Employee Share Ownership Platform

In recognition of the contributions of our key employees and to incentivize them to further promote our development, Xichuang Lekang LP was established in 2018 as our Employee Share Ownership Platform, through which we awarded partnership interest in Xichuang Lekang LP to eligible participants. The employee share ownership plan is not subject to the provisions of Chapter 17 of the Listing Rules. Xichuang Lekang LP is controlled by its general partner, Xichuang Technology, which is controlled by Mr. Chen, and thus, together with Mr. Chen, Ms. Wang, Xichuang Lejia Shareholding Platform, Xichuang Leyuan Shareholding Platform, Xichuang Lexin Shareholding Platform and Xichuang Technology, constitute the group of our Controlling Shareholders.

According to the respective grant agreements, our certain employees were granted awards and registered as the limited partners of Xichuang Lekang LP upon grants or exercise of their awards. All management and voting powers of Xichuang Lekang LP are exercised by its general partner, Xichuang Technology, according to its partnership agreement, whereas the relevant employees as the limited partners of Xichuang Lekang LP are entitled to the economic interest.

Xichuang Lekang LP

Xichuang Lekang LP was established under the laws of the PRC as a limited partnership on October 23, 2018. As of the date of this document, Xichuang Lekang LP held approximately 21.82% of our total issued Shares, and its partnership structure was as follows:

Name	Position	Capacity of partnership interests	Approximate percentage of partnership interests
Xichuang Technology .	N/A	General Partner	10.64%
Bai Sangrong	Chief technology officer	Limited partner	17.18%
Wang Jie (王潔)	Chief marketing officer	Limited partner	16.09%
Shi Guangtao (師廣濤)	Executive Director and deputy general manager	Limited partner	4.11%
Zhang Haiyue (張海越)	Core Member of the R&D Team	Limited partner	3.26%
Huang Zhiwen (黃志文)	Executive Director and deputy general manager	Limited partner	2.97%

HISTORY AND CORPORATE STRUCTURE

<u>Name</u>	<u>Position</u>	<u>Capacity of partnership interests</u>	<u>Approximate percentage of partnership interests</u>
Fan Shuo (范碩)	Core member of the R&D Team	Limited partner	2.82%
Liu Xiaorong (劉小榕)	Chief financial officer	Limited partner	1.76%
Sun Binxuan (孫濱璇)	Core member of the R&D Team	Limited partner	0.83%
Lin Jianjun (林建軍)	Core member of the R&D Team	Limited partner	0.79%
Zhao Wentao (趙文桃)	Non-executive Director	Limited partner	0.71%
Mr. Chen	Executive Director, chairman of the Board and chief executive officer	Limited partner	0.35%
21 other limited partners ⁽¹⁾	Employees or former employees	Limited partners	38.49%

- (1) Represent 172 employees or former employees of our Group who hold partnership interest of Xichuang Lekang LP directly or indirectly through entity limited partners of Xichuang Lekang LP. Taking into account the substantial number of participants under the employee share ownership plan, the Company has established multi-tier shareholding platform structure to facilitate the administration of Xichuang Lekang LP, which complies with the applicable PRC laws and regulations as confirmed by the PRC Legal Advisor. As of the date of this document, none of the 172 employees or former employees held more than 30.00% interest in any entity limited partner of Xichuang Lekang LP. None of the 21 limited partners of Xichuang Lekang LP holds more than 30.00% partnership interest therein.

Investment Shareholding Platforms

With a view to sharing the benefits from our development and demonstrating their confidence in our business prospects, our certain employees and independent third party external investors established Xichuang Lejia Shareholding Platform, Xichuang Leyuan Shareholding Platform and Xichuang Lexin Shareholding Platform as the shareholding platforms to hold their investment interests in our Company, through which external investors invested, in order to reduce administrative and procedural burdens, and such arrangement is consistent with their passive investment nature and non-participation in the Company's day-to-day management and decision-making.

All management and voting powers of the Investment Shareholding Platforms are exercised by their respective general partner, Xichuang Technology, according to the applicable PRC laws and the respective partnership agreements, whereas the relevant employees and external investors as the limited partners of such Investment Shareholding Platforms are entitled to the economic interest.

HISTORY AND CORPORATE STRUCTURE

Xichuang Lejia Shareholding Platform

Xichuang Lejia Shareholding Platform was established under the laws of the PRC as a limited partnership on January 7, 2022. As of the date of this document, Xichuang Lejia Shareholding Platform held approximately 1.51% of our total issued Shares, and its partnership structure was as follows:

Name	Position	Capacity of partnership interests	Approximate percentage of partnership interests
Xichuang Technology . .	N/A	General partner	0.23%
Zhao Wentao	Non-executive Director	Limited partner	5.52%
Wang Jie	Chief marketing officer	Limited partner	4.20%
Bai Songrong	Chief technology officer	Limited partner	1.26%
Liu Xiaorong	Chief financial officer	Limited partner	0.84%
Shi Guangtao	Executive Director and deputy general manager	Limited partner	0.66%
Yang Bin (楊斌)	Supervisor of Shanghai Blue Whale	Limited partner	0.63%
Mr. Chen	Executive Director, chairman of the Board and chief executive officer	Limited partner	0.59%
42 other limited partners ⁽¹⁾	Employees or former employees	Limited partner	86.07%

- (1) Represent 82 employees or former employees of our Group who hold partnership interest of Xichuang Lejia Shareholding Platform directly or indirectly through entity limited partners of Xichuang Lejia Shareholding Platform. Taking into account the substantial number of investors of Xichuang Lejia Shareholding Platform, the Company has established multi-tier shareholding platform structure to facilitate the administration of Xichuang Lejia Shareholding Platform, which complies with the applicable PRC laws and regulations as confirmed by the PRC Legal Advisor. As of the date of this document, except for Li Hongying (李鴻影), who held approximately 34.38% partnership interest in Shenzhen Xichuang Lehui Enterprise Management Partnership (Limited Partnership) (深圳市曦創樂輝企業管理合夥企業(有限合夥)), an entity limited partner of Xichuang Lejia Shareholding Platform holding approximately 5.74% partnership interest therein, none of the other 81 employees or former employees held more than 30.00% interest in any entity limited partner of Lejia Shareholding Platform. None of the 42 limited partners of Xichuang Lejia Shareholding Platform holds more than 30.00% partnership interest therein.

HISTORY AND CORPORATE STRUCTURE

Xichuang Leyuan Shareholding Platform

Xichuang Leyuan Shareholding Platform was established under the laws of the PRC as a limited partnership on October 23, 2018. As of the date of this document, Xichuang Leyuan Shareholding Platform held approximately 7.54% of our total issued Shares, and its partnership structure was as follows:

<u>Name⁽¹⁾</u>	<u>Position</u>	<u>Capacity of partnership interests</u>	<u>Approximate percentage of partnership interests</u>
Xichuang Technology .	N/A	General Partner	1.27%
Wu Fenlan (吳芬嵐)	External investor	Limited partner	21.90%
Shi Guangtao	Executive Director and deputy general manager	Limited partner	9.09%
Zhang Aihua (張愛華)	Mr. Chen’s sister-in-law	Limited Partners	7.30%
Chen Zhaohua (陳兆華)	External investor	Limited partner	5.52%
Liang Yanjun (梁燕君)	Mr. Chen’s cousin	Limited Partners	2.78%
14 limited partners ⁽²⁾ .	External investors	Limited partners	50.61%
one limited partner ⁽³⁾ . .	Employee	Limited partners	1.54%

(1) Given that our Company was undergoing a series of pre-[REDACTED] investments then, in order to streamline administrative processes and to facilitate centralized management of these investments, instead of directly holding Shares in our Company, the relevant external investors opted to participate in Xichuang Leyuan Shareholding Platform as the shareholding platform to hold their respective investment.

(2) Represent 14 independent third party individual and entity external investors, each of whom holds no more than 30.00% partnership interest in Xichuang Leyuan Shareholding Platform.

(3) Represent one employee of our Group, who holds no more than 30.00% partnership interest in Xichuang Leyuan Shareholding Platform.

Xichuang Lexin Shareholding Platform

Xichuang Lexin Shareholding Platform was established under the laws of the PRC as a limited partnership on April 21, 2021. As of the date of this document, Xichuang Lexin Shareholding Platform held approximately 0.02% of our total issued Shares, and its partnership structure was as follows:

<u>Name</u>	<u>Position</u>	<u>Capacity of partnership interests</u>	<u>Approximate percentage of partnership interests</u>
Xichuang Technology .	N/A	General Partner	1.96%
Gongqingcheng Luanteng Investment Partnership (Limited Partnership) (共青城鸞騰投資合夥企業) (有限合夥) (“Gongqingcheng Luanteng”) ⁽¹⁾	External investor	Limited partner	98.04%

(1) The general partner of Gongqingcheng Luanteng is Cui Yichu (崔易出), an independent third party holding 5.50% partnership interests in Gongqingcheng Luanteng. The remaining partnership interests are owned as to 66.88% by Yang Qing (楊勅), our former Director, and as to 22.84% by Huang Zuhou (黃祖厚) and as to 4.77% by Li Haiyang (黎海洋), each of whom is an independent third party.

HISTORY AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

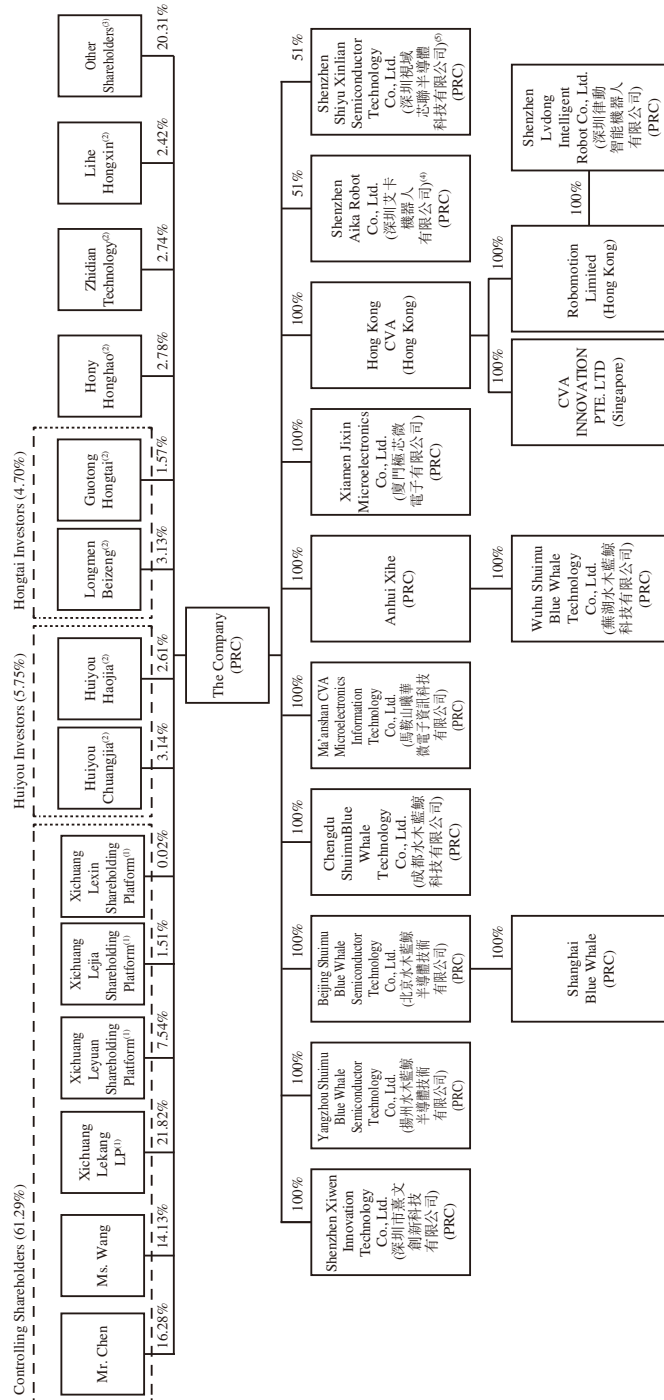
The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the [REDACTED] (assuming the [REDACTED] is not exercised):

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] taking into account the Share Subdivision	Ownership percentage upon the [REDACTED]
<i>Group of Controlling Shareholders</i>				
Xichuang Lekang LP	2,278,364	21.82%	[REDACTED]	[REDACTED]%
Mr. Chen	1,699,941	16.28%	[REDACTED]	[REDACTED]%
Ms. Wang	1,475,002	14.13%	[REDACTED]	[REDACTED]%
Xichuang Leyuan Shareholding Platform	787,843	7.54%	[REDACTED]	[REDACTED]%
Xichuang Lejia Shareholding Platform	157,380	1.51%	[REDACTED]	[REDACTED]%
Xichuang Lexin Shareholding Platform	1,929	0.02%	[REDACTED]	[REDACTED]%
<i>Other Shareholders</i>				
<i>Huiyou Investors:</i>				
– Huiyou Chuangjia	328,123	3.14%	[REDACTED]	[REDACTED]%
– Huiyou Haojia	272,783	2.61%	[REDACTED]	[REDACTED]%
<i>Hongtai Investors:</i>				
– Longmen Beizeng	326,916	3.13%	[REDACTED]	[REDACTED]%
– Guotong Hongtai	163,458	1.57%	[REDACTED]	[REDACTED]%
Hony Honghao	290,497	2.78%	[REDACTED]	[REDACTED]%
Zhidian Technology	285,817	2.74%	[REDACTED]	[REDACTED]%
Lihe Hongxin	252,967	2.42%	[REDACTED]	[REDACTED]%
Greenwoods Jingying	200,533	1.92%	[REDACTED]	[REDACTED]%
Lucion Wanneng	193,605	1.85%	[REDACTED]	[REDACTED]%
Xiamen Lingkai	179,831	1.72%	[REDACTED]	[REDACTED]%
Leaguer Angel	172,504	1.65%	[REDACTED]	[REDACTED]%
<i>Songrui Investors:</i>				
– Songrui Phase I	81,364	0.78%	[REDACTED]	[REDACTED]%
– Songrui Phase II	77,318	0.74%	[REDACTED]	[REDACTED]%
Boting Investment	154,635	1.48%	[REDACTED]	[REDACTED]%
Haihe Rongzhi	154,190	1.48%	[REDACTED]	[REDACTED]%
<i>Zhongyun Investors:</i>				
– Zhongyun No.5	66,795	0.64%	[REDACTED]	[REDACTED]%
– Zhongyun No.3	58,294	0.56%	[REDACTED]	[REDACTED]%
Sumin Capital	122,493	1.17%	[REDACTED]	[REDACTED]%
Weiyang Minghao	104,094	1.00%	[REDACTED]	[REDACTED]%
Chery Technology	98,017	0.94%	[REDACTED]	[REDACTED]%
Nanning Kechuang	98,017	0.94%	[REDACTED]	[REDACTED]%
Chengdu Xingjin	89,430	0.86%	[REDACTED]	[REDACTED]%
Changchun Changxing	61,676	0.59%	[REDACTED]	[REDACTED]%
Shuaixian Youcheng	61,247	0.59%	[REDACTED]	[REDACTED]%
Virtue Jiayi	61,247	0.59%	[REDACTED]	[REDACTED]%
Wan Li	45,841	0.44%	[REDACTED]	[REDACTED]%
Shunyi Haigao	40,090	0.38%	[REDACTED]	[REDACTED]%
[REDACTED] Shareholders	–	–	[REDACTED]	[REDACTED]%
Total	10,442,241	100.00%	[REDACTED]	[REDACTED]%

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

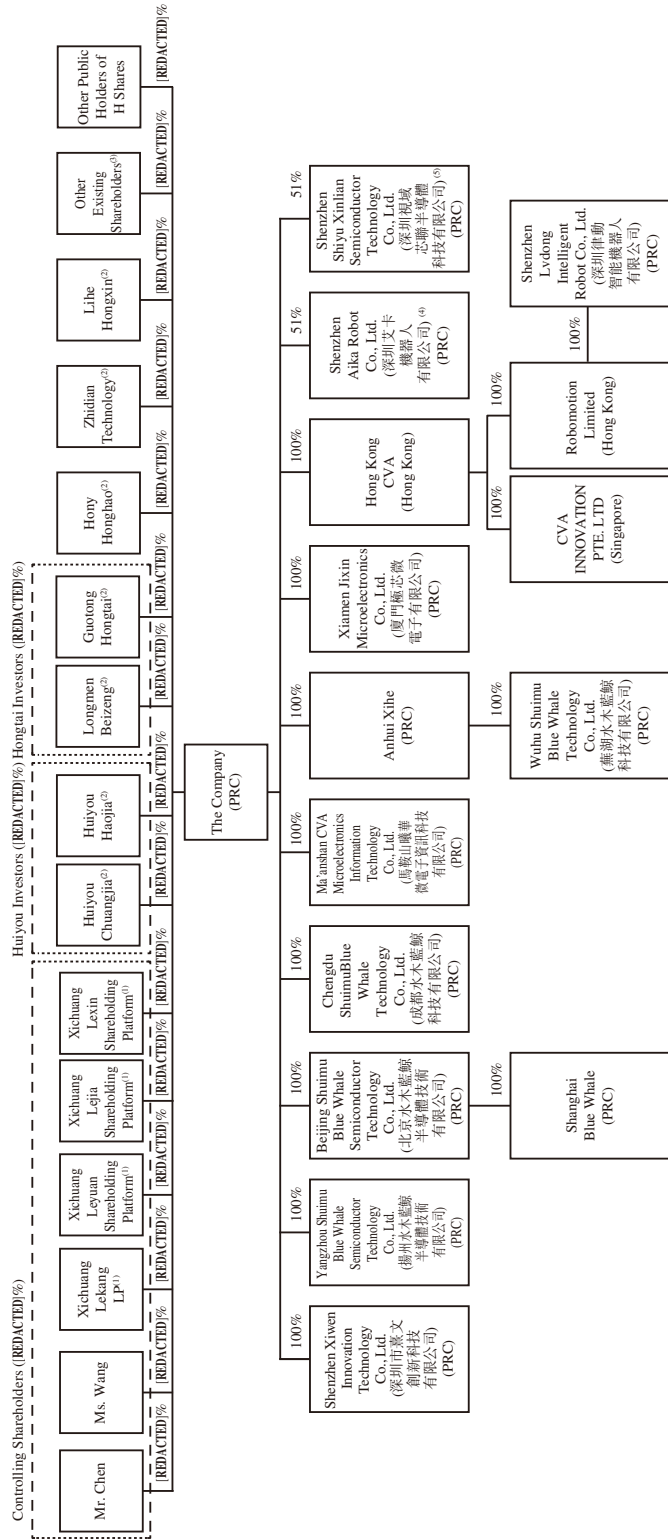
The following chart sets forth our corporate structure immediately prior to the [REDACTED] and the Conversion of Unlisted Shares into H Shares:



- (1) Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform are controlled by Xichuang Technology, who is their general partner. Xichuang Technology is controlled by Mr. Chen. See “—Shareholding Platforms” for the partnership structures of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform.
- (2) See “—Pre-[REDACTED] Investments—Information regarding Our Principal Pre-[REDACTED] Investors” for details regarding our Shareholders.
- (3) Each of these Shareholders held less than 2% of our total issued share capital as of the Latest Practicable Date.
- (4) As at the Latest Practicable Date, the remaining equity interest of Shenzhen Aika Robot Co., Ltd. was owned as to 49% by Zheng Run (鄭潤), an independent third party.
- (5) As at the Latest Practicable Date, the remaining equity interest of Shenzhen Shiyu Xinlian Semiconductor Technology Co., Ltd. was owned as to 49% by Shenzhen 8klink Optoelectronic Technology Co., Ltd. (深圳新聯勝光電科技 有限公司), an independent third party.

HISTORY AND CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately after the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares, without taking into account any H Shares which may be [REDACTED] upon the exercise of the [REDACTED]:



(1) to (5): See notes to the corporate structure on the preceding page.

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OVERVIEW

Who We Are

We are a provider of edge AI chip products. Leveraging our robust chip design capabilities and strengths in the deep integration of display and sensing-control with chips, we have effectively commercialized our products at scale. Our display chip products mainly comprise AI Scaler and STDI chips; our sensing-control chip products mainly comprise TMCUs, general-purpose MCUs, touch ICs and SCCUs. Our products have been adopted by various mainstream automotive OEMs through their Tier 1 suppliers, and leading consumer electronics brands through electronic system integrators and solution providers globally. Our mass-produced chip portfolio addresses diverse customer needs across consumer electronics, automotive industry and emerging markets such as embodied intelligence.

We have competitive R&D capabilities, established mass production experience and sound technological strengths, with solid expertise in image and video processing, sensing, SoC design and automotive-grade product development. Building on our edge AI advantages in display, sensing and control, we empower innovation in smart devices worldwide. Scaler chips are image processing chips that are widely applied in smartphone displays and automotive cockpit displays. We developed the world’s first ASIC-based scaler, AI Scaler, according to the F&S Report, and command key technologies in visually lossless compression, image quality enhancement and high-speed interface transmission. Leveraging our presence in the smartphone display application market, our AI Scaler has achieved solid market share growth to become a leading product. In 2025, our shipment volume of AI Scaler was approximately 47 million units. According to the F&S Report, we ranked first globally in the scaler industry and the ASIC scaler industry, in each case as measured by shipment volume, in 2025. According to the same source, our latest automotive-grade TMCU maintains a leading position in specifications and performance for sensing and control in China. Benefiting from their sensing accuracy and anti-interference performance, our TMCUs have been deployed in a large number of mass-produced vehicle models of mainstream automotive OEMs and have been recognized in the global automotive industry.

What We Achieved

We operate under a fabless business model, concentrating our resources on the design and development of high-performance edge AI chip products. Our automotive-grade chips, including TMCUs and general-purpose MCUs, have achieved mass production and commercial deployment across scenarios such as cockpit systems, car body control, seats and steering wheels. As a benchmark for domestic automotive-grade chips, our TMCUs and general-purpose MCUs have entered mass production supply with nine out of ten leading automotive OEMs in China in terms of sales volume in 2025, according to the F&S Report. Our TMCUs incorporate touch sensing technologies that are widely applied in autonomous driving assistance systems, including but not limited to hands-off detection (“HoD”) and control button for steering wheels, smart door handle and anti-pinch detection. We own comprehensive intellectual property rights over our TMCUs and algorithms, and have competitive specifications. As of December 31, 2025, we were the only domestic chip products provider which had achieved mass production of TMCUs for HoD. Furthermore, our technologies associated with TMCUs have been recognized by the MIIT as a leading scientific and technological achievement in 2024. We are well-equipped to capture opportunities arising from domestic substitution and international expansion.

Furthermore, in recognizing the demand for deep integration between edge AI algorithms and chips, we leverage our extensive experience in mass production and application of display and sensing-control chips to build deep and broad collaborations across the value chain. Our display and sensing-control chips have been market-validated and are widely used in consumer electronics, such as smartphones and TWS earbuds. We have commenced large-scale shipments to leading global consumer electronics brands, with cumulative shipment volume of our touch IC exceeding 22.4 million units as of December 31, 2025.

Leveraging our technology expertise in the display and sensing-control industries, our display chips and sensing-control chips are being introduced into embodied intelligence, offering comprehensive human-machine interaction solutions, including: (1) smart tactile solutions, applying multimodal perception including touch, pressure and temperature, with AI algorithms to emulate human tactile sensation; (2) high resolution, ultra-low latency smart display, lifelike vibration and voice feedback; and

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(3) smart control MCUs, which are an ideal solution for robotic motion control and power management, such as joint control, motion status detection and battery management. These technologies enable future mass production of dexterous hands and body, covering “Perception— Decision-making—Action.”

As of December 31, 2025, we had achieved a comprehensive portfolio of two major product lines with 17 chip models. We have developed a self-reinforcing “market—technology—product” flywheel, whereby our product competitiveness leads segment expansion and sustains and expedites revenue growth.

As of the Latest Practicable Date, we had established stable cooperative relationships with eight major wafer foundries and 13 packaging and testing suppliers. We connect critical links along the value chain to empower the ecosystem and build an agile and efficient collaborative platform for the fast-growing display panel industry and automotive industry.

During the Track Record Period, we achieved robust revenue growth. Our revenue increased from RMB150.1 million in 2023 to RMB244.1 million in 2024, and further to RMB346.4 million in 2025 at a CAGR of 51.9% from 2023 to 2025. According to the F&S Report, our revenue generated from AI Scaler ranked first in China for four consecutive years since 2022.

Our Core Technology Ecosystem and R&D Capabilities

Leveraging the underlying common edge AI technologies in display and sensing and control, we are at the forefront of the transformation in the edge AI chips and solution industry. Our core technology ecosystem and applications is comprised of technology foundation, architecture innovation and the conversion of such capabilities in to edge AI chips and solutions for various application scenarios.

Technology Foundation. Our complete technology solution is built on “MCU+sensing/display” under which an MCU-centric control plane is tightly integrated with sensing front-end, sophisticated signal and image processing and display drive. Since our inception, we have focused on the development of image processing and capacitive sensing technologies, through which we achieved efficient image compression and processing and advanced multimodal sensor fusion, forming the basis for rapid product derivation and stable mass production. Our technology foundation comprises the following core technologies that underpin our product roadmap.

- **Capacitive sensing** provides high-precision touch and proximity detection through low-noise analog front ends, adaptive baseline tracking and environmental compensation, enabling stable performance under varying materials and humidity.
- **Signal processing** converts raw sensor outputs into actionable signals using filtering, calibration and sensor diagnostics with time alignment to support reliable fusion across modalities.
- **Image processing** delivers scaling, enhancement and artifact mitigation with hardware-assisted pipelines that improve visual quality and latency for edge displays.
- **Display driver technology** manages timing, brightness and color accuracy with integrated power and interface control, supporting compact form factors and reduced BOM.
- Our **edge AI engine** provides on-chip acceleration for perception and control workloads, enabling lightweight AI models and traditional signal-processing and control algorithms to run on-device with low latency under stringent power budgets, with improved responsiveness and privacy protection.
- We possess capabilities to meet **automotive-grade standards**. Automotive-grade standards embed design-for-reliability, process control and qualification against automotive-grade requirements, including component stress testing, functional safety workflows and traceable quality systems, supporting long-life and mission-critical use cases.

Together these capabilities form a cohesive stack from analog sensing to AI inference and display output, enabling single-chip solutions that shorten validation cycles, improve first-pass success and materially reduce system complexity and power consumption across consumer electronics, automotive and AIoT applications.

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Architecture Innovation. Building upon the core technological capabilities discussed above, we have developed integrated technology platforms including our *Sparrow* SoC Platform, sensor fusion technology and *Cheetah* Software Platform. We drive technology innovation and productization through these three pillars. Built around a flexible control core with on-chip acceleration for perception and computation, our *Sparrow* SoC Platform integrates common building blocks such as CPU, peripheral interfaces and data security into a unified base that supports rapid product derivation and shorter time-to-market. Furthermore, our sensor fusion technology is based on our proprietary sensor IPs that are capable of capturing ultra-high-resolution variations in capacitance, pressure, temperature and optical signals. Complementing the aforementioned two pillars, the *Cheetah* Software Platform offers a unified software development kit, algorithm libraries and development tools that enable fast customization, efficient deployment and lifecycle maintenance across product variants. Together, these capabilities allow us to deliver single-chip solutions that reduce system complexity and power consumption while maintaining a consistent developer experience across end markets.

We further enhance our technological innovation through “Industry-Academia-Research” collaborations and prospective R&D layouts in AI and embodied intelligence, strengthening our long-term competitiveness. We have signed a strategic cooperation agreement with the Faculty of Microelectronics at Xidian University and jointly established an Automotive Chip Technology Center with Tsinghua University. From 2023 to 2025, our total research and development expenditure ratio was 58.5%. As of December 31, 2025, our R&D team had 84 members, most with over ten years of experience at leading global semiconductor companies and hold degrees from top domestic and overseas institutions.

Our Product Portfolio

Display Chip Products

- **AI Scaler.** We developed the world’s first ASIC-based scaler, AI Scaler, according to the F&S Report, in 2021 and achieved the mass production in 2022. Our AI Scaler integrates ASIC architecture with sophisticated image processing algorithms and can perform real-time visual lossless compression and decompression, image decoding, resolution conversion and picture quality enhancement on end devices. Our AI Scaler delivers outstanding computing performance and image processing capability and its highly integrated architecture significantly reduces dependency on external components, optimizes flexible printed circuit space utilization and simplifies system design. We have established a leading position in the ASIC scaler industry and our shipment volume of AI Scaler was approximately 37 million units in 2024, making it a leading product in this market segment.
- **STDI chips.** Our STDI chips integrate the function of proprietary scaler and TDDI into a single chip. Our STDI chips adopt an innovative architecture that integrates image processing, frame rate conversion, high-speed interface, display driver and touch features into one chip. This all-in-one design reduces system complexity, saves board space and improves power efficiency while maintaining premium visual quality, verified through stringent compatibility and reliability testing.

Sensing-Control Chip Products

- **TMCUs.** We achieved the mass production of our TMCUs in 2024. Our TMCU integrates high-performance touch features with automotive-grade MCUs in one chip, which is more advanced than the conventional two-chip architecture, reduces BOM cost and supply chain complexity, strengthens customer reliance and leads the trend of one-chip architecture. According to the F&S Report, our latest generation of automotive-grade TMCU maintains a leading position in specifications and performance for sensing and compute control in China. Our TMCU has obtained ASIL-B functional safety certification and meets high reliability standards for automotive applications, such as AEC-Q100.
- **General-purpose MCUs.** We achieved the mass production of our automotive-grade general-purpose MCUs in 2023. We have successfully developed and mass-produced two series of 32-bit general-purpose MCUs that have passed AEC-Q100 and ISO 26262 ASIL-B certifications (functional safety), targeting different performance and cost requirements.

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- **Touch ICs.** We achieved the mass production of our touch ICs in 2021. Our touch ICs currently primarily include wearable touch IC, SAR sensor and TPIC. Our wearable touch IC is a touch control chip specifically designed for TWS earbuds. Leveraging our proprietary technology architecture, it enables a seamless design without opening holes on the cases, enhancing the overall sealing and waterproof capabilities of the earbuds. Our SAR sensor features ultra-high resolution and multi-channel detection capability, with an adaptive environmental compensation algorithm enabling it to maintain stable operation in complex environment. The operational performance of our SAR sensor outperformed competitors in the industry. Our TPIC features reliable performance, high integration and broad adaptability for 3.5-inch to 15-inch screens with leading signal-to-noise ratio, ultra-low power consumption and strong anti-interference capability.
- **SCCUs.** We achieved the mass production of our SCCUs in 2025. Our SCCUs are based on a high-performance cockpit computing platform, combined with our chips such as general-purpose MCUs and audio drivers, and other third-party chips such as computing chips and display chips, enabling deep coordination between hardware and software.

OUR COMPETITIVE STRENGTHS

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

Technology-leading Edge AI Chip Products Company

We are a provider of edge AI chip products in China with a strong position in the industries of display chips and sensing-control chips. Leveraging our technical capabilities and deep scenario penetration, we ranked first by shipment volume in ASIC scaler industry in 2024 and ranked second in the global scaler industry in 2024 and have successfully expanded into fast-growing markets such as consumer electronics, automotive industry and embodied intelligence. We are among the earliest domestic companies in the display and sensing-control chip segments within the edge AI chips. As of December 31, 2025, our cumulative shipment volume of chips exceeded 132.3 million units. For our display chip products, the shipment volume of our AI Scaler was approximately 37 million units in 2024, with a market share of 18.8% in the scaler industry and 55.0% in the ASIC Scaler industry, globally.

Supported by our technical capabilities and product strengths, we have entered the supply chains of the nine out of ten leading automotive OEMs in China in terms of sales volume in 2025, according to the F&S Report, and collaborated with multiple leading global consumer electronics brands. According to the F&S Report, our latest generation of automotive-grade TMCU maintains a leading position in specifications and performance for sensing and compute control in China. As of the Latest Practicable Date, leveraging our technology leadership and scale shipment capability, we had established stable relationships with eight major wafer foundries and 13 packaging and testing suppliers, enabling production capacity stability and cost competitiveness and advancing localization of our supply chain.

According to the F&S Report, accelerated intelligent transformation has highlighted the advantages of edge AI chips in computing efficiency, power control and cost optimization, creating substantial growth potential in AIoT and related fields. With a proven record in technological innovation, product scalability and customer stickiness, we are well positioned to capture the significant market opportunities arising from the intelligent upgrades at the edge.

Fast Commercialization with Steady Revenue Growth

We have established commercialization advantages characterized by fast development and high success rates, underpinned by rapid product iteration. Our product validation cycle can be shortened to approximately six months, from testing to mass production, which is significantly shorter than the industry average of approximately one year, according to the F&S Report, and most of our chips achieve mass production at first tape-out, demonstrating our rapid response capability and high ramp-up success. During the Track Record Period, our display chips underwent rapid iterations, driving stable revenue growth and enabling us to establish a leading position in the scaler industry. In addition, solutions based on our self-developed chips such as HoD solutions and SCCUs have been replicated across multiple automotive OEMs.

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We have a growing customer base and deepening collaborations with our customers. As of December 31, 2023, 2024 and 2025, we had 46, 35 and 160 direct sales customers, respectively. In the automotive industry, one single vehicle model may use over 100 chips. We have entered the supply chains of multiple Tier 1 and Tier 2 suppliers, creating ongoing opportunities for product iteration and incremental sales. More specifically, our automotive-grade TMCUs satisfy both touch sensing and MCU control in one single chip, replacing prior two-chip architecture, reducing BOM cost and supply chain complexity, and strengthening customer reliance.

We consistently pursue strategic partnerships with industry-leading clients, covering a wide range of top-tier flagship customers. We have entered the supply chains of the nine out of ten leading automotive OEMs in China in terms of sales volume in 2025, according to the F&S Report, and multiple leading global consumer electronics brands. Our automotive-grade TMCU has obtained the Scientific and Technological Achievement Certification awarded by the MIIT and our capacitive interactive steering-wheel HoD solution has been recognized as domestic leading by the MIIT.

With our leadership in edge AI chips and our efforts in expanding application scenarios, we achieved steady growth during the Track Record Period. Our revenue increased from RMB150.1 million in 2023 to RMB244.1 million in 2024, and further to RMB346.4 million in 2025, at a CAGR of 51.9% from 2023 to 2025.

Category Leader Driven by Product Advantages

We have built a competitive product portfolio covering consumer electronics, automotive industry and embodied intelligence, forming a market-oriented and scenario-rich suite of chips. As of December 31, 2025, we had achieved a comprehensive portfolio of two major product lines with 17 chip models, applied in scenarios such as cockpit systems, car body control, steering wheels, smartphones and TWS earbuds. We have developed a self-reinforcing “market—technology—product” flywheel, whereby our product competitiveness leads segment expansion and sustains and expedites revenue growth. Through efficient product R&D and iteration, our in-market products undergo annual process optimization and our new chips are launched on schedule. The growth of our chips ranked among the fastest, as measured by shipment volume, among display chips and sensing-control chips during the Track Record Period, according to the F&S Report.

Our AI Scaler features broad compatibility across operating systems, proprietary image algorithms and IP, support for multiple standards, high resolution and DSC decoding and high frame-rate conversion. In 2024, our shipment volume of AI Scaler was approximately 37 million units, making it a leading product in this market segment. As of the Latest Practicable Date, our AI Scaler had been installed in thousands of smart devices, serving over 100 million consumers.

The key performance indicators of our automotive-grade TMCU such as touch sensitivity, anti-interference capability and power consumption outperform those of international peers. As of December 31, 2025, we were the only domestic chip product provider which had achieved mass production of TMCUs for HoD. Compared with international peers, our TMCU-based HoD solution delivers approximately a 50% reduction in capacitive sensing power consumption and approximately a 20% reduction in overall chip costs, while maintaining comparable detection performance. Our TMCU has obtained ASIL-B functional safety certification and meets high reliability standards for automotive electronics. By integrating touch sensing and general-purpose MCU functions into a single-chip architecture, our TMCU is widely applied in steering-wheel HoD, door handles and center consoles, has secured nominations from dozens of customers and is shipping to multiple OEMs. In parallel, our automotive-grade general-purpose MCUs have entered into the supply chains of nine out of ten leading automotive OEMs in China in terms of sales volume in 2025, according to the F&S Report, incorporate robust safety mechanisms and high-performance processing, and are applied in seat, heating and ventilation air conditioning and instrument controllers with volume ramp-up.

Our touch ICs are shipped in volume to globally renowned consumer electronics brands, with cumulative shipment volume exceeding 21 million units during the Track Record Period. With leading detection accuracy and response speed, they are widely used in TWS in-ear detection and smart-glasses wearing detection. Our ultra-high-precision touch sensors support complex gestures and proximity detection, delivering precise interaction for high-end consumer electronics.

Strong Proprietary IP Portfolio

We boast in-house R&D capabilities spanning from chip architecture design, algorithm development to system integration, covering key domains such as digital and analog design signal

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processing, package and design, software and algorithm technologies. Independent R&D has always been our core strategy as we continue to build a high-barrier, self-sustaining technology system. As of the Latest Practicable Date, we had achieved a high level of in-house IP development across our core technology areas. In critical technology areas including graphic and image processing, video signal processing and capacitive small-signal detection, we have attained full proprietary control of essential IPs. These technologies were independently designed and iteratively optimized by our R&D teams, offering significant differentiation and sustainable evolution capability. Our core technologies support multiple major product lines, including AI Scaler, STDI chip and TMCU, and are widely applied across our products.

We have also established a highly efficient R&D management system. As of December 31, 2025, all of our developed chip products have successfully achieved proper function in first iteration, with the majority entering mass production after the first iteration, demonstrating our technical maturity and R&D execution excellence. We follow the framework of the integrated product development internal control process, ensuring rigorous stage-gate reviews from requirement analysis and project initiation to mass production, thereby guaranteeing R&D quality and efficiency.

We have constructed a systematic intellectual property framework to refine our technological edge. Our high-quality patent portfolio covers core domains that underpin our commercialization and competitive advantages. As of December 31, 2025, we had filed a total of 546 intellectual property applications, including 362 patent applications, with invention patents accounting for 85%, among which 166 patents have been granted, including two U.S. invention patents. We also participate in the formulation of multiple national automotive standards. For our core technologies, we have completed PCT applications overseas, while our trademark portfolio spans over 10 countries and regions, including Hong Kong, Singapore, the United States and the European Union.

Visionary and Seasoned Management Team

Our management team comprises pioneers of on-device AI chip design in China, combining profound industry insight with solid technical expertise and commercialization experience.

- Our founder, Mr. Chen Xi, a serial entrepreneur and industry leader, has over 25 years of management experience in the semiconductor and high-tech sectors. Mr. Chen holds three bachelor's degrees in automotive engineering, computer science and law from Tsinghua University, and an MBA degree in finance from University of California, Los Angeles, Anderson School of Management.
- Our co-founder and Chief Technology Officer, Mr. Bai Songrong, is responsible for our technology strategy and R&D management. He has over 25 years of semiconductor industry experience and has profound expertise in SoC design, mixed-signal processing and sensing. Prior to joining us, Mr. Bai served as a senior supervisor at Goodix Technology, overseeing chip design, which includes the R&D of chip and AIoT product line, and previously served as a supervisor at NXP Semiconductors.
- Our co-founder and Chief Marketing Officer, Mr. Wang Jie, oversees product definition, marketing strategy, and global supply chain management. With more than 20 years of experience, he combines deep technical expertise with strategic market vision and has extensive experience in both team management and market development. Mr. Wang previously held the position of deputy general manager of MStar Semiconductor (Shenzhen), and was responsible for business unit management. Mr. Wang holds a bachelor's degree in electronic materials and components and a master's degree in microelectronics and solid-state electronics from Xidian University.

As of December 31, 2025, we had an R&D team of 84 members. Most of our core engineers are graduates of top universities in China and abroad and have over ten years of experience in global tech giants.

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OUR GROWTH STRATEGIES

We intend to continue to grow our business through the following key strategies and achieve our mission.

Continue Expanding Product Portfolio and Application Scenarios

To maintain the competitiveness of our product lineup, we plan to further upgrade existing products and expand our product portfolio. Specifically, we aim to:

- **Develop the next generation of TMCUs** with enhanced touch sensitivity and lower power consumption, featured with optimized touch sensing algorithms, improved detection accuracy and stronger anti-interference capabilities. Such upgrade allows our TMCUs to better support applications in automotive door handles and dexterous hands.
- **Enhance our general-purpose MCUs’ product offerings** by introducing higher-performance products with elevated functional safety standards. We plan to expand from MCUs with single-core architecture to multi-core architecture and introduce general-purpose MCUs based on RISC-V architecture, addressing the needs of automotive domain controllers and battery management systems for new energy vehicles and embodied intelligent robots.
- **Launch next-generation STDI chips** with improved display quality, to broaden their applications from mobile screens to automotive displays, laptops and tablets.
- **Iterate our AI Scaler** to deliver advanced image processing capabilities for SCCUs, while continuously reducing power consumption.

Concurrently, we plan to continue investing in AMOLED touch IC and audio driver technologies to further strengthen our product portfolio.

We also intend to explore new application scenarios. Leveraging our strengths and experience in edge AI chip development, we are well positioned to expand into emerging markets such as embodied intelligence and AI-powered smart terminals. For instance, our general-purpose MCUs can support robotic motion control, while our TMCUs can enable dexterous hand touch sensing. In parallel, we plan to enhance our AI algorithms to address the specific requirements of embodied intelligent robots. Meanwhile, to better achieve this, we will develop dedicated chipsets for robotic perception and control, as well as next-generation human-machine interaction solutions.

We believe we can deepen customer penetration, broaden application coverage and capture incremental demand from embodied intelligence and AI-powered smart terminals by expanding and upgrading our product portfolio and expanding. As newly launched products achieve commercialization and scale, we anticipate a more balanced revenue mix and improved operating leverage, supporting our long-term financial performance.

Strengthen Advanced Technology R&D to Reinforce Leadership

We plan to strengthen advanced technology R&D to reinforce our market leadership with focused investments in image processing, display-touch integration, automotive-grade chips, RISC-V architectures and advanced perception algorithms that support our single-chip strategy and platformization.

- **Image processing.** Leveraging our existing, robust image processing algorithms, we will continue to capitalize on edge AI technology by applying machine learning models to further enhance image quality. Additionally, we aim to expand our image processing application into applications such as Mini LED, automotive head-up display and smart lighting.
- **Sensor fusion technology.** We will continue to advance our sensor fusion technology by incorporating capacitance, impedance, pressure, temperature and other sensors into a unified architecture. This fusion approach will enhance precision, robustness and overall system perception capability. These advancements will further strengthen our multidimensional interaction, proximity sensing and comprehensive tactile functions.

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- **Automotive-grade chip development.** We will enhance our automotive-grade chip capabilities to meet stringent ASIL-B and ASIL-D safety requirements. Our R&D will focus on developing more robust functional safety architectures, improving electromagnetic compatibility and ensuring greater reliability for automotive applications.
- **RISC-V architecture.** We will invest in the development of high-performance sensing-control chips by leveraging up-to-date single- and multi-core RISC-V IP to boost computational capabilities. Additionally, we will build proprietary architectures optimized for domain control applications in vehicles.
- **Development of advanced perception algorithm.** Through AI-driven algorithms, we aim to achieve multi-sensor integration (e.g., touch, gesture and proximity sensing) and enhance adaptive algorithm performance in complex environments. By employing machine learning, we will further improve recognition accuracy.

We believe these R&D investments are critical to strengthening our technology foundation and enabling the development of products with more competitive performance, functional safety, sensing accuracy and power efficiency. While such initiatives may result in a short-term increase in our research and development expenses in absolute value, such as increased costs related to advanced algorithm development, chip architecture design, testing and validation, as well as the recruitment and retention of R&D personnel, we believe these investments are necessary to sustain technological differentiation. We believe that, over time, these efforts will enhance the attractiveness of our products, reinforce our competitive advantages and ultimately support our revenue growth.

Enhance Manufacturing Capability Through Vertical Integration

We plan to leverage our expertise in edge AI chip products to move along the value chain from chips to modules and complete controllers. Starting from our proprietary AI Scaler, STDI chips, general-purpose MCUs and TMCUs, we intend to extend into application-specific module production such as SCCUs. In this way, we aim to offer customers system-level solutions that integrate our chips, algorithms and software, rather than only standalone components. To support this strategy, we plan to establish production and assembly facilities for automotive modules, which will require automated assembly lines, precision testing equipment and strict quality control systems to ensure automotive-grade reliability and performance. Through such vertical integration from chips to modules and controllers, we expect to (1) capture a larger share of the value created by our technologies; (2) strengthen our control over key supply chain nodes and delivery schedules; (3) make it easier for automotive OEMs and Tier 1 and Tier 2 suppliers to adopt our products by reducing their development and integration workload; and (4) provide differentiated, high value-added solutions to global automotive customers. While the establishment of production and assembly facilities for automotive modules may result in higher upfront capital expenditures and operating costs, we believe it will strengthen our control over product quality, supply chain coordination and delivery schedules. Over time, we can improve cost efficiency through scale, process optimization and reduced integration friction, thereby supporting margin improvement.

Further Strengthen Market Presence

We plan to continue expanding our global footprint and strengthening our sales and service network to further enhance our market presence. From a globalization perspective, we plan to expand our global operations headquarter and international capital management center in Hong Kong. Its position as a leading international hub offers us more access to global talent and allows us to attract more top-tier professionals, thereby supporting our globalization roadmap.

We will engage overseas customers in global markets where there is strong demand for edge AI chip products. We plan to progressively build regional customer support centers in global markets, such as the Asia-Pacific region, to provide timely technical assistance and strengthen after-sales service capabilities. Through these coordinated efforts, we aim to broaden customer reach, accelerate market penetration, and reinforce our brand presence across international markets.

Driven by our “market—technology—product” principle and guided by our commitment to global collaboration and technology advancement, we intend to actively pursue strategic partnerships with

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leading companies across East Asia to reinforce our globalization strategy. As our products are increasingly integrated into the systems of global customers and must adapt to diverse technical ecosystems and regional standards, these partnerships will enable us to enhance localized development capabilities and accelerate innovation cycles. Such R&D collaborations will also enhance international recognition of our technological capabilities and further strengthen our global presence.

We believe this market expansion strategy will enhance our global market presence and diversify our customer base. We believe that strengthening our overseas sales, service and customer support capabilities will improve customer responsiveness and satisfaction, accelerate market penetration and increase the scalability of our international business.

OUR PRODUCTS

We are a provider of edge AI chip products. We ranked first by shipment volume in ASIC scaler industry in 2024 and ranked second in the global scaler industry in 2024. Edge AI chip products encompass an integrated stack of specialized processors that enable AI inference to be performed on-device near the sensor or display, delivering low latency, enhanced privacy and offline reliability. Built on our MCU and ASIC architectures, our products integrate edge AI algorithms to enable local data processing and intelligent decision-making. Our products are primarily applied in consumer electronics, automotive industry, and emerging markets such as embodied intelligence.

Driven by our ongoing efforts in innovation and industry know-how, we have established a robust product portfolio and continue to broaden it in line with customer needs. We also provide ancillary technical services to our customers, including system integration support, parameter tuning and application-level debugging. These services help ensure the efficient deployment and stable operation of our products in customers’ end systems. Accordingly, we provide our customers with integrated chip-based offerings that combine our products with supporting technical services. We currently offer a comprehensive portfolio of edge AI chip products, primarily including (1) display chip products, mainly comprising AI Scaler and STDI chips; and (2) sensing-control chip products, mainly including TMCUs, general-purpose MCUs, touch ICs and SCCUs.

Compared to conventional display and sensing-control chips, our display and sensing-control chips embedded intelligent processing capabilities, enabling them to automatically recognize and intelligently adapt to different application scenarios. Through embedded lightweight AI models, our products are capable of collecting image and sensing data for on-device training and optimization. For display-related applications, our AI algorithms enhance image quality through intelligent image processing and adaptive adjustment. For sensing and control applications, our lightweight on-device AI engines address technical challenges such as multimodal interaction processing and environmental tracking, including temperature drift baseline tracking, thereby enabling high-performance sensing and control functionalities under complex operating conditions.

The following table sets forth a summary of the key characteristics of each of our products, how they differ from one another, their major downstream applications, their competitive strengths and advantages, and the background of their customers and end-customers.

	Display Chip Products			Sensing-control Chip Products		
	AI Scaler	STDI Chips	TMCUs	General-purpose MCUs	Touch ICs	SCCUs
Key Characteristics	ASIC-based dedicated image processing chip; real-time image enhancement, resolution conversion and visually lossless compression; low latency and optimised power consumption.	Integrated display driving, touch sensing and selected image processing; high resolution and refresh rates; compact and low-power design.	MCU with integrated high-performance touch sensing; supports touch and proximity; automotive-grade reliability and functional safety.	32-bit MCUs with single-core and multi-core architectures; rich peripherals; RISC-V adoption; automotive-grade reliability.	Capacitive touch sensing; multi-touch and gesture recognition; ultra-low power consumption.	System-level solutions integrating MCUs, AI Scaler, STDI chips, TMCUs and software.
Differentiation within Product Portfolio	High-performance, compute-intensive image processing; standalone processing role; no display driving or touch sensing.	High system integration and cost efficiency; standalone all-in-one architecture; does not rely on AI Scaler.	Application-specific MCU for human-machine interaction; replaces MCU plus standalone touch controller.	Platform-type MCU for broad control and computation.	Dedicated touch sensing without MCU functionality; optimised for compact terminals.	Extends from standalone chips to system-level integration and turnkey delivery.

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	Display Chip Products			Sensing-control Chip Products		
	AI Scaler	STDI Chips	TMCUs	General-purpose MCUs	Touch ICs	SCCUs
Major Downstream Applications	Smartphone displays; automotive cockpit displays.	Smartphones; tablets; laptops; automotive displays.	Steering wheels, door handles, HoD modules; in-vehicle HMI.	Body control modules; domain controllers; BMS; industrial and robotic control.	TWS earbuds; smart glasses; smart home devices.	Smart cockpit systems; in-vehicle human-machine interaction systems.
Competitive Strengths and Edges	Proprietary image processing algorithms and IP; strong energy efficiency.	Display-touch integration; reduced system complexity and BOM cost.	Sensor fusion and touch algorithms; automotive-grade design.	Platform-based product strategy; deep automotive and industrial application knowledge.	Strong power efficiency and reliability.	System-level integration capability; reduces customers' development and integration workload.
Our Customers⁽¹⁾	Electronics systems integrators and solution providers in consumer electronics industry	Electronics systems integrators and solution providers in consumer electronics industry	Tier 1 suppliers	Tier 1 suppliers	Electronics systems integrators and solution providers in consumer electronics industry	Tier 1 suppliers
End-customers⁽¹⁾	Consumer electronics brands	Consumer electronics brands	Automotive OEMs; NEV manufacturers; industrial equipment and robotics manufacturers	Automotive OEMs; NEV manufacturers; industrial equipment and robotics manufacturers	Consumer electronics brands	Automotive OEMs

(1) During the Track Record Period.

The following table sets forth a breakdown of our revenue by product category for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Display chip products:						
– AI Scaler	134,493	89.6	235,629	96.5	250,436	72.3
– STDI chips	–	–	434	0.2	12,920	3.7
– Others ⁽¹⁾	–	–	1,560	0.6	840	0.3
Subtotal	134,493	89.6	237,623	97.4	264,196	76.3
Sensing-control chip products:						
– TMCUs	–	–	19	0.0	3,177	0.9
– General-purpose MCUs	1,734	1.2	3,044	1.2	5,350	1.5
– Touch ICs	13,885	9.2	3,384	1.4	2,969	0.9
– SCCUs	–	–	–	–	70,667	20.4
Subtotal	15,619	10.4	6,448	2.6	82,163	23.7
Total	150,112	100.0	244,071	100.0	346,359	100.0

(1) Primarily included provision of technical services relating to our display chip products.

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The following table sets forth a breakdown of our sales volume and average selling price (“ASP”) for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Sales volume in thousand units and RMB per unit for ASP)					
Display chip products	16,035.7	8.4	37,002.4	6.4	48,341.5	5.5
– AI Scaler	16,035.7	8.4	36,980.6	6.4	46,950.3	5.3
– STDI chips	–	–	21.8	20.0	1,391.2	9.3
Sensing-control chip products	11,917.2	1.3	5,645.8	1.1	6,055.2	13.6
– TMCUs	–	–	3.6	5.4	581.9	5.5
– General-purpose MCUs	320.3	5.4	427.8	7.1	711.4	7.5
– Touch ICs	11,597.0	1.2	5,214.4	0.6	4,487.7	0.7
– SCCUs	–	–	–	–	274.3	257.6

The sales volume of Touch ICs decreased from 11.6 million units in 2023 to 5.2 million units in 2024, primarily due to the transition of mainstream mobile touch technology to STDI chips, and we accordingly prioritized the development and sales of STDI chips.

As advised by F&S, during the Track Record Period, the ASP of our products, except for that of STDI chips and SCCUs, is in line with industry average price in China. STDI chips and SCCUs are relatively innovative products of our Company, for which there is currently no meaningful industry-wide average price benchmark. This is primarily because these products are based on our proprietary and differentiated technological approaches. For instance, our STDI chips integrate the functionalities of scaler and TDDI chips, which distinguishes them from conventional standalone TDDI chips available in the market. In addition, our SCCUs are delivered in an integrated form, combining our proprietary chips with selected third-party components and our proprietary software, and are typically sold as bundled PCBA boards together with related software packages. Such integrated and customized solution architecture does not correspond to a standardized or widely adopted industry pricing model, making it difficult to identify comparable industry benchmarks.

Our Product Portfolio

Display Chip Products

Display chips are the core control components of display panels, encompassing key functions such as image processing, display driving and high-speed data transmission. We are committed to the research, development, design and sale of display chip products. We offer a broad product portfolio covering applications such as smartphones and automotive displays. Our display chips serve as core processing units for image decompression, video format conversion, resolution and refresh rate scaling and image quality enhancement, providing customers with critical decoding and bridging functionalities between display devices of different standards and formats. Leveraging our innovative ASIC architecture and proprietary technologies, we developed the world’s first ASIC-based scaler, AI Scaler, according to the F&S Report, which incorporates proprietary technologies in visually lossless compression, image quality enhancement and high-speed interface transmission. Our display product portfolio primarily includes (1) AI Scaler; and (2) STDI chips.

AI Scaler

Scaler chips are a specialized image signal processing chip designed to perform tasks that transform input image into a vibrant, balanced image optimized for the display panel. Scaler chips are widely applied in smartphone displays and automotive cockpit displays, serving as key components that bridge signal formats, enhance image quality and manage display control. We launched the world’s first ASIC scaler, AI Scaler, in 2021, according to the F&S report, which integrates ASIC-architecture and scaler image processing algorithms, and can perform real-time visual lossless compression and decompression, resolution conversion, local dimming and picture quality enhancement on end devices. It acts as an image processor between the video source and the display panel, and can intelligently adjust display parameters according to image content, achieving higher display quality and energy efficiency. AI Scaler, which is a commonly used broadly accepted industry terminology, generally referring to high-performance scalers

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capable of meeting the application requirements of AI-enabled terminal devices, according to the F&S Report. AI scalars are predominantly based on ASIC architectures, as application-specific design enables stronger processing performance, lower power consumption and higher efficiency compared with general-purpose solutions. Our AI Scaler are powered by content-aware algorithms that dynamically analyze incoming video streams. By automatically recognizing different visual scenarios—such as differentiating high-motion gaming graphics from static text—the chip autonomously optimizes contrast, color saturation and brightness in real time. This adaptive processing maximizes visual fidelity while minimizing unnecessary power consumption without requiring manual user intervention. Compatible with multiple operating systems, proprietary image algorithms and IP, it provides support for multiple standards, high resolution and DSC decoding and high frame-rate conversion.

Our AI Scaler has the following principal features:

- ***High performance and high image quality.*** Our AI Scaler delivers outstanding computing performance and image processing capability. It supports high-resolution screens and fast refresh rates, ensuring that images and videos appear sharp, fluid and accurate in color, meeting the stringent requirements of high-end display systems for precision, speed and color accuracy. It also incorporates proprietary image processing algorithms that achieve one of the highest ratio visual lossless compression in the market, enabling precise color reproduction and visual quality while keeping the chip cost and power highly optimized, thereby enhancing competitiveness in both consumer electronics and automotive display markets. In addition, to further accommodate customers’ needs, we are able to offer AI Scaler combined with panels that deliver optimized image quality through customized programming.
- ***High integration and cost efficiency.*** Our AI Scaler adopts a highly integrated five-in-one architecture that combines core components such as CPU, image algorithm module, extended random access memory (“XRAM”), flash memory and power management unit (“PMU”), that are traditionally split across several chips, into a single chip. This design significantly reduces dependency on external components, simplifies the overall hardware design and saves space on the circuit board. Compared with traditional FPGA chip products, our AI Scaler achieves superior image performance at lower power consumption and significantly BOM cost reduction, ensuring stable operation across use cases that demand both high performance and optimized cost such as smart cockpit and portable display applications.

We were one of the earliest industry players to develop and commercialize ASIC scalars, and we have grown to become the largest provider in the ASIC scaler market, in terms of revenue and shipment volume in 2025, according to the F&S Report. Leveraging our early market entry and the extensive engineering expertise we have accumulated in ASIC scaler design, our AI scaler technologies and feature sets demonstrate a higher level of performance, stability and maturity compared with those offered by our industry peers, according to the same source.

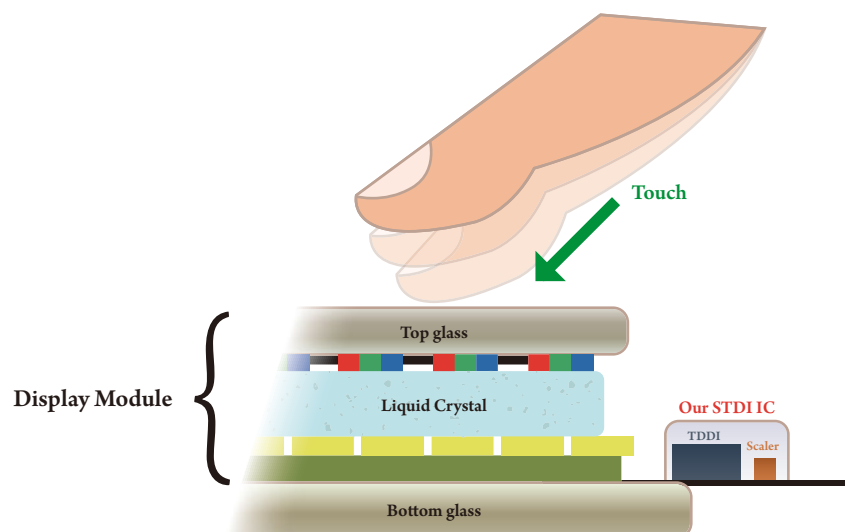
STDI Chips

Display driver chips are one of the key control components of display panels, responsible for driving and controlling pixel brightness, color and other parameters to render images on the screen. Touch controller chips are also key components of display panels, designed to detect changes in capacitance generated between the user’s finger and the touch sensor, and to process such signals through embedded algorithms to achieve precise touch detection. Touch and display driver integration (“TDDI”) chips integrate both display driving and touch sensing functions into a single chip, significantly enhancing the level of system integration. According to F&S, STDI is generally used in the industry to refer to integrated display driver chip products capable of meeting the application requirements of intelligent display terminals that require display-driving, touch-sensing and image-processing capabilities. Compared with conventional display driver chip products, STDI chips are characterized by a higher level of functional integration, and the term STDI chip is commonly used in the industry to distinguish such integrated display driver chip products from conventional DDIC and TDDI products.

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Our STDI chips integrate the function of extra scaler and TDDI into a single chip. Although our STDI chips incorporate touch sensing capabilities, we classify our STDI chips as display chips, because their display-related functions remain the core of their design. Image processing and display driving modules account for the majority of its chip structure. Furthermore, our STDI chips are predominantly deployed in display-related applications, where their value lies in delivering integrated image processing and display driving performance. Our STDI chips can intelligently analyze on-screen content and user interactions in real time, our STDI chips autonomously optimize display parameters—such as variable refresh rates and localized brightness—to maximize both visual responsiveness and energy efficiency. Designed for smartphones, tablets and other smart terminals, our STDI chips deliver high integration, compact design and superior display performance. Our STDI chips adopt an architecture that integrates image processing, video encoding and decoding, high-speed interface conversion, display driving and touch sensing into one chip. This all-in-one design reduces system complexity and costs, saves board space and improves power efficiency while maintaining premium visual quality. Our STDI chips also offer manufacturers a highly efficient products that enables thinner devices, lower material costs and simplified system design, meeting the growing demand for high-performance display products.

Our STDI can process capacitive touch signals generated by user interactions and converts image data received from the application processor into optimized display signals, enabling responsive touch input and stable image output. The following image demonstrates how our STDI chips function within a touch display module.



Differences between AI Scaler and STDI Chips

Our AI Scaler chips and STDI chips serve different roles within a display system and are designed to address different levels of system integration.

- Our AI Scaler primarily functions as an image processing chip positioned between the video source and the display panel. It receives image or video data from upstream devices, such as application processors, and performs image processing functions, including resolution conversion and image enhancement, before outputting the processed signals for display. However, our AI Scaler do not directly drive the display panel and do not perform touch sensing functions.
- By contrast, our STDI chips are highly integrated display driver chip products. In addition to incorporating selected image processing functions similar to those performed by AI Scaler, STDI chips further integrate display driving components, such as panel driving and timing control modules, as well as touch sensing and related signal processing functions. As a result, STDI chips can directly interface with and drive the display panel while simultaneously enabling touch input detection.
- In terms of structural components, our AI Scaler focus on image processing and data handling and therefore require additional external components to complete display and touch functions. Our STDI chips integrate multiple functions that would traditionally be implemented by several separate chips into a single chip, thereby simplifying system architecture, reducing component count and improving overall system efficiency.

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Sensing-Control Chip Products

Sensing-control chips form the core neural system for smart end devices, responsible for perceiving the physical world, processing information and executing commands. Leveraging our deep expertise in high-precision capacitive sensing and low-power MCU design, we have successfully extended our technologies from the consumer electronics industry to the high-barrier automotive industry. Our products are designed to simplify system integration for our customers, shorten their development cycles and enhance overall system reliability and functional safety, adhering to stringent automotive standards such as AEC-Q100 and ISO 26262. Our products are widely applied in cockpit systems of EVs, consumer wearable devices and robotics. Our sensing-control product portfolio primarily includes (1) TMCUs; (2) general-purpose MCUs; (3) touch ICs; and (4) SCCUs.

The following table sets highlights the differences among TMCUs, general-purpose MCUs and touch ICs.

	TMCUs	General-purpose MCUs	Touch ICs
Architecture . . .	Integration of automotive-grade computing, and touch and sensing 1. Innovative touch AFE module with a built-in smart signal processing module. 2. Support up to 30 channels of capacitive detection (primarily self-capacitance, secondarily mutual capacitance). 3. Use an automotive-grade ARM® architecture.	Focus on automotive-grade computing and control 1. Use an automotive-grade ARM® architecture. 2. Built-in data encryption/decryption module meeting information security requirements. 3. Include general automotive interfaces.	Focus on high resolution and gesture recognition 1. Dedicated touch AFE (Analog Front-End) module. 2. Suitable for displays; support up to 800 capacitive touch nodes (primarily mutual capacitance, secondarily self-capacitance). 3. Built-in CPU core, SRAM, and external Flash; use SPI, I2C, and other peripheral interfaces to transmit touch results or raw detection data back to the host controller.
Technology . . .	Combination of high-specification touch and automotive-grade safety 1. Core technology includes touch AFE, touch data processing, and algorithm recognition. Specifications for automotive touch detection (e.g., load capacity, anti-interference, waterproofing) are significantly higher than those of consumer products. 2. Fully satisfy automotive-grade MCU functions. 3. Utilize automotive-compliant manufacturing processes, feature ISO 26262 compliant functional safety design, and pass automotive safety and reliability certifications.	Focus on automotive-grade safety and reliability 1. Utilize manufacturing processes that meet automotive requirements. 2. Feature an automotive-grade design compliant with ISO 26262 functional safety standards. 3. Pass automotive functional safety and reliability certification standards.	Focus on touch algorithms and peripheral interaction 1. Core technology is touch AFE, along with corresponding touch data processing and algorithm recognition functions. 2. The CPU, memory and peripherals are primarily used to execute basic control and interact with the host controller.

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TMCUs

Our TMCU integrates a touch feature into an automotive-grade MCU, targeting various human-machine interaction applications widely used in the vehicle such as steering wheel, HoD, door handle, ambient light, air conditioner control and kick sensor. Leveraging our proprietary sensor fusion technology, our TMCUs achieves solid sensing performance and MCU platform with rich peripherals and control outputs. Our TMCUs have intelligent intent recognition and adaptive environmental capabilities. Equipped with temperature compensation algorithms and on-chip parasitic-capacitance cancellation, these chips can actively process complex data inputs to autonomously distinguish deliberate human interactions from environmental interferences. This enables the system to maintain high detection accuracy and stability, dynamically calibrating sensor sensitivity in real time even under varying environmental conditions. Our TMCU has obtained ASIL-B functional safety certification and meets high reliability standards of the automotive industry. Set forth below are two application scenarios of our TMCUs.

Scenario 1 – Steering Wheel HoD+Touch-key Solution

Our TMCUs have been widely adopted in steering wheels vehicles. Our TMCU enables an integrated steering HoD and touch-key control solution that deeply combines monitoring of the driver’s hand status with multi-function interaction. In driving scenarios, HoD continuously safeguards the safety baseline, while touch keys allow the driver to complete various operations without removing both hands from the wheel, enhancing driving safety and optimizing the human-machine interactions. HoD systems is a critical function in ADAS that monitors whether the driver is holding the steering wheel to determine driving intention and takeover readiness. This design has become a core solution in the era of intelligent driving by balancing safety and convenience. It is a mandatory feature in the U.S. and European automotive market, and China also issued Draft National Safety Standards for L2 Driver Assistance in September 2025, proposing hands-off detection.

The following sets forth key features and advantages of our steering wheel HoD+Touch-key solution.

- Realizing three functions in the same controller. Our solution integrates main control and capacitive sensing functions within a single chip, enabling HoD, steering-wheel heating and button control to be implemented under one controller. This high level of integration simplifies circuit design, enhances reliability and reduces system complexity.
- Using composite sensor pads and supporting multi-zone hands-off detection, which allows the hand-grip position to be determined by the distribution of detection electrodes.
- Supporting load capacitance range up to 4nF without external compensation capacitors, which provides strong compatibility with various steering-wheel designs.

Equipped with temperature compensation algorithms and on-chip parasitic-capacitance cancellation, our TMCUs maintain high detection accuracy and stability even under varying environmental conditions. Certified to ASIL-B functional safety level, our TMCUs meet stringent automotive safety and reliability requirements. Leveraging their high integration and algorithmic precision, our TMCUs have been adopted by multiple leading OEMs and are now mass-produced as the core control chips in smart steering-wheel HoD systems.

Scenario 2 – Touch Door Handle Solution

Our TMCUs have also been widely applied in touch door handle systems for vehicles, enabling capacitive touch functions for door locking and unlocking. Our TMCU is embedded in a door handle to detect whether a user’s hand is approaching or touching the handle. When a person approaches or touches the handle, the sensor sends a signal to the main controller; otherwise it remains in standby. Vehicles with keyless entry create strong demand for door handle sensors, enabling convenient lock and unlock operations. Such applications require reliable performance under extreme outdoor conditions such as heavy rain, snow and temperature fluctuations, while maintaining high responsiveness and low power consumption.

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The following sets forth key features and advantages of our touch door handle solution.

- Integrated proprietary waterproof algorithm.
- Unified self-capacitance and mutual-capacitance detection architecture with dual sampling, which significantly improving touch precision and noise immunity.
- Supporting active shielding to mitigate the impact of flowing water, which effectively mitigates the influence of water flow and environmental noise to ensure reliable operation under extreme weather conditions.
- Hundreds-pF-level load-capacitance detection range, which facilitates the design of large-area sensors, especially for anti-pinch on the inner side of hidden/retractable door handles.
- Femtofarad-level sampling precision and high signal-to-noise ratio, which enables single-finger detection.
- Passed electromagnetic compatibility testing and supporting bulk current injection testing, which enables stable operation and preventing false triggering in automotive environments.

General-purpose MCUs

MCU is a compact IC that combines a scaled-down version of a CPU with memory, timers and other functional circuits on a single chip. It enables control solutions tailored to various application scenarios including automotive electronics. We offer series of 32-bit automotive-grade general-purpose MCUs based on the ARM[®] Cortex[®]-M architecture, including Cortex-M4F and Cortex-M0+ cores, and are developing MCUs based on RISC-V structure. Our CVM014x series, based on Cortex-M4F, has higher operating frequency and larger on-chip memory, enabling efficient execution of control algorithms and sensor data processing in applications with higher computational and communication demands. It is suited for applications such as car body control modules, such as lighting control modules and powered tailgate systems, where responsiveness, coordination and reliability are critical. Our CVM011x series, based on Cortex-M0+, adopts an ultra-low power architecture with a compact code and memory footprint and essential real-time control peripherals, enabling efficient implementation of distributed body control functions in systems with tight cost and space constraints. Both series integrate rich peripheral interfaces and multi-level power management, enabling flexible system configuration across different performance tiers.

Our general-purpose automotive-grade MCUs are developed in strict compliance with functional safety ASIL-D development process and have obtained AEC-Q100 qualification. They are designed to operate reliably in harsh automotive conditions, with stable performance over a wide temperature range from -40°C to 125°C. These design and qualification standards help ensure that our general-purpose MCU products can meet the stringent safety, reliability and durability requirements of global automotive OEMs.

The following sets forth two application scenarios of our general-purpose MCUs.

- ***Automotive headlamp.*** Our automotive-grade general-purpose MCUs can support high-beam and low-beam lighting, daytime running lights, static cornering lights and turn signals of the automotive headlamp. It provide matrix headlights, as well as headlamp height and brightness adjustment functions.
- ***Automotive seat controller.*** Our automotive-grade general-purpose MCUs can support four to eight channels of electric seat position adjustment, two channels of seat heating and two channels of seat ventilation. It also supports seat position memory functions, as well as extended features such as seat welcome and massage functions.

Differences between TMCUs and general-purpose MCUs

Both of our TMCUs and general-purpose MCUs are automotive-grade and are primarily used in automotive applications. However, they are designed to serve different purposes.

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- Our general-purpose MCUs be used as flexible control units across a wide range of automotive systems. They usually rely on external sensors, peripheral circuits and system-level design to support specific sensing or interaction functions.
- Our TMCUs are developed on the basis of general-purpose MCUs and build upon their core computing and control capabilities. Our TMCUs further integrate dedicated touch sensing and signal processing functions on a single chip, enabling high-precision detection of capacitive, temperature and pressure signals, including applications that require large load capacitance and stable sensing performance.
- In terms of structural components, our TMCUs retain the fundamental functional modules of an MCU while additionally integrating dedicated touch analog front-end circuits, signal processing modules and intelligent algorithm engines, allowing them to directly acquire and process sensing signals without relying on multiple external components.
- In terms of technological requirements and industry standards, both of our TMCUs and general-purpose MCUs meet all core automotive-grade standards, such as automotive reliability standards such as AEC-Q100, functional safety requirements under ISO 26262 and automotive electromagnetic compatibility standards. In addition to the aforementioned standards, as our TMCUs are used in touch-based and sensing-control applications, they also satisfy application-specific requirements, such as enhanced waterproof performance, resistance to environmental interference and other customer-defined validation standards imposed by automotive manufacturers.

Touch ICs

Our touch ICs, based on high-precision capacitive sensing technology, enable a variety of human-machine interactions, including single or multi-point touch, sliding gestures and pressure sensing. Our touch ICs can process capacitive data through embedded algorithms, transforming simple physical contact into intelligent, context-aware digital commands. Rather than merely registering a touch, these chips dynamically filter out environmental noise to accurately decipher genuine user intent. Leveraging technical advantages such as ultra-low power consumption, high signal-to-noise ratio, high reliability and waterproof/sweatproof capabilities, our touch ICs are widely used in TWS earbuds, smart glasses, display panel, smart home devices and other smart terminals. We have commenced large-scale shipments to leading global consumer electronics brands, with cumulative shipment volume of our touch ICs exceeding 22.4 million units as of December 31, 2025.

Our touch ICs primarily include wearable touch ICs, SAR sensors and TPICs.

- *Wearable touch ICs.* Our wearable touch IC is designed to enable intuitive touch interactions on wearable devices, such as tapping to answer calls or control playback. It leverages capacitive sensing technology to detect whether a device is worn and to recognize gestures like press, double-click and slide. In addition, it offers superior resistance to water and sweat. Built on our proprietary architecture, it supports seamless designs without openings, enhancing durability and waterproof performance in applications such as earbuds.
- *SAR sensors.* Our SAR sensor offers ultra-high capacitive detection resolution and multi-channel detection capability. It employs an adaptive environmental compensation algorithm to maintain stable operation in complex environments. When a human body is detected near the antenna, the system promptly notifies the main control chip to reduce the transmit power, ensuring electromagnetic emissions remain compliant with international safety standards.
- *TPICs.* Our TPIC features reliable performance, high integration and broad adaptability for 3.5-inch to 15-inch screens with leading signal-to-noise ratio, ultra-low power consumption and strong anti-interference capability. It is equipped self-cap and mutual-cap touch sensing combined technology to perform up to 10 fingers simultaneous touch and gesture detection, with strong water resistance performance and meeting EMC and other industrial requirements.

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The following table sets forth the principal application scenarios of our touch ICs in consumer electronics devices.

Consumer electronics devices	Functions
TWS earbuds	Integrate in-ear detection and user-interaction control functions within a single IC, enabling accurate wearing detection and supporting multiple touch and gesture operations such as tap, long press and sliding gestures for volume adjustment, track switching and call control. Our touch ICs eliminates the need for optical openings and avoids the use of traditional certain traditional sensors, such as optical proximity sensors, thereby simplifying structural design, reducing calibration and assembly complexity.
Smart glasses	Able to support multiple touch gestures on the temples or frame such as long press, tap and swipe, enabling users to answer calls, wake up voice assistants, adjust volume and control music playback through intuitive touch operations on the glasses.
Smartphones	Can be used in capacitive SAR proximity detection solutions connected to the handset antenna to accurately determine whether the device is close to the human body and dynamically reduce or adjust radio frequency transmission power, thereby lowering radiation exposure and helping satisfy SAR requirements.

SCCUs

Leveraging our leading capabilities in edge AI chips, we have continued to extend our applications and software solution offerings and have established SCCUs under our edge smart system strategy, which represents our strategic expansion from chips to systems. We are building a unified smart platform with our self-developed chips as the core, integrating device-side computing, sensing and interaction capabilities with system software. This platform is replicable and scalable, enabling system-level integration for multiple scenarios such as smart cockpits systems.

Our SCCUs are based on a high-performance cockpit computing platform, combined with our chips, such as general-purpose MCUs and audio drivers, and other third-party chips, such as computing chips and display chips, enabling deep coordination between hardware and software. Through purpose-built operating system and application software, our SCCUs enhance user experience, safety and efficiency via multi-display interaction, voice control, audio interaction capabilities with the AI voice assistant, 360° surround-view systems and navigation, smart visual recognition of driver identity, and driver monitoring system. We use third-party display chips in our SCCUs primarily because in-vehicle display systems are subject to higher performance, safety and reliability requirements than those in the consumer market, which require longer validation and integration cycles. Delivered in the form of integrated hardware boards (PCBAs), our SCCU combines a customized operating system with algorithms and software embedded in our proprietary chipsets to centralize vehicle control, thereby laying a critical foundation for software-defined vehicles.

Our SCCUs are designed for general applications based on standardized platforms, rather than being bespoke for specific automobile models. To cater to diverse vehicle models and market demands, we achieve compatibility primarily through interface adaptation, software configuration and peripheral adjustments. This scalable approach eliminates the need for bottom-up, architectural-level bespoke development for individual vehicle models. In a typical cockpit system, except for the autonomous driving computing chip, we are able to independently develop and highly integrate all key control chips and underlying drivers. We take full responsibility for the entire development and delivery cycle. We offer a turnkey solution spanning from initial chip selection and hardware/software development to mass production and critical after-sales technical support.

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Benefiting from our long-standing accumulation in edge AI sensing-control industry, we have established strong advantages in system-level algorithm optimization, real-time control and signal fusion. This enables us to provide highly integrated, cost-efficient and deployment-ready SCCUs to global automotive OEMs and Tier 1 suppliers.



OUR BUSINESS MODEL

We operate under a fabless business model, concentrating our resources on the design and development of high-performance edge AI chip products. We outsource all manufacturing processes, including wafer fabrication and chip packaging and testing, to our third-party business partners. By concentrating our resources on product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our product offerings. According to the F&S Report, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D.

A key pillar of our strategy is to provide not only standalone chips but also integrated, turnkey solutions tailored to our customers' specific needs. Leveraging our deep industry know-how, we deliver comprehensive solutions that bundle our proprietary chips with foundational software, development kits and critical algorithms. This approach enables us to address complex customer challenges more effectively, significantly shorten their product development cycles and foster deep, long-term partnerships. By embedding our technology more deeply into our customers' systems, we enhance customer stickiness and increase the value we provide within the industry ecosystem.

The following diagram illustrates our fabless business model.



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18C Designation and Commercialization

The table below sets forth a summary of how each of our products fall within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist Technology Industry Acceptable Sector	Products
Advanced hardware and software—Semiconductors	Display chip products Sensing-control chip products

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the above, each of our products falls within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

We have adopted a transaction-based model for the sales of our products. The following table sets forth the timeline of our commercialization and major iterations of each of our product series.

Product Series	Commencement of Revenue Generation	Major Iterations⁽¹⁾
AI Scaler	2022	Our fourth generational AI Scaler commenced in May 2025.
STDI	2024	Our second generational STDI chip commenced in November 2025.
TMCU	2024	N/A ⁽²⁾
General-purpose MCU	2023	Our CVM014x series, based on Cortex-M4F, and our CVM011x series, based on Cortex-M0+, both commenced in 2023.
Touch IC	2021	N/A ⁽²⁾
SCCU	2025	N/A ⁽²⁾

(1) During the Track Record Period.

(2) Does not have major iterations.

OUR TECHNOLOGIES

The edge AI chip industry is characterized by rapid technological evolution and intense market competition. We must continuously launch new products while advancing our core technologies, necessitating sustained R&D investments to drive innovation and meet market demands efficiently.

Technology Foundation

Our technology foundation primarily encompasses capacitive sensing, signal processing, image processing, display driver technologies, edge AI engines and automotive-grade standards, underpinned by a range of core intellectual properties developed in-house. We have accumulated deep expertise in these domains, which enables our chips to achieve high detection precision, fast response and low power consumption under complex operating environments, and provide the foundation for their deployment in automotive, consumer and emerging smart device applications.

- **Capacitive sensing** provides high-precision touch and proximity detection through low-noise analog front ends, adaptive baseline tracking and environmental compensation, enabling stable performance under varying materials and humidity. Low-noise analog front ends help improve detection accuracy, while adaptive baseline tracking and environmental compensation allow the system to automatically adjust to changes in surrounding conditions. As a result, devices can maintain consistent sensing performance without frequent recalibration, even in environments with moisture, temperature variation or material differences. Our proprietary capacitive sensing technology enable us to achieve industry leading high resolution and large capacitive loading.

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- **Signal processing** converts raw sensor outputs into actionable signals by applying filtering, calibration and sensor diagnostics with time alignment across modalities to enable reliable fusion. Filtering and calibration help remove interference and correct deviations in raw data, while sensor diagnostics support stable long-term operation. Time alignment across different sensing modalities ensures that data from multiple sources can be processed together in a reliable and coordinated manner. Our proprietary signal processing algorithms perform on-the-fly processing to suppress noise, extract and enhance target signals, significantly improve signal-to-noise ratio and support complex gesture and positioning recognition.
- **Image processing** provides scaling, enhancement and artifact mitigation through hardware-assisted pipelines that improve visual quality and reduce latency for edge displays. By performing these functions through dedicated hardware, the processing load on the main system is reduced, enabling faster response and smoother visual output. We incorporate our proprietary real-time visually lossless compression and decompression IP with available image processing technologies, which achieves four to one compression ratio, one of the highest compression ratios in the market, while maintaining high image quality.
- **Display driver technology** manages timing, brightness and color accuracy with integrated power and interface control, supporting compact form factors and reduced BOM. The integration of multiple display-related functions on a single chip helps simplify system architecture and reduce the number of external components required. It integrates the panel’s timing control, source and gate drivers, delivering high refresh rates with low power and a small silicon area.
- Our **edge AI engine** is a customized lightweight neural processing unit for sensing and image processing applications. It enables key perception and control tasks to be processed directly on the device, reducing reliance on cloud computing and minimizing processing latency. It provides on-chip acceleration for perception and control workloads, enabling lightweight AI models and traditional signal-processing and control algorithms to run on-device with low latency under stringent power budgets, with improved responsiveness and privacy protection. Designed as an accelerator embedded in our MCU and ASIC architectures, it delivers a balanced trade-off among silicon area, power and performance.
- We possess capabilities to meet **automotive-grade standards**. Automotive-grade standards embed design-for-reliability, process control and qualification against automotive-grade requirements. Our products satisfy the key requirement for automotive-grade chips. For example, our products can meet the stringent automotive-grade requirement including ASIL-D functional safety certification and AEC-Q100 standard.

Architecture Innovation

Building upon the aforementioned core technological capabilities, we have developed integrated technology platforms including our *Sparrow* SoC Platform, sensor fusion technology and *Cheetah* Software Platform. The *Sparrow* SoC Platform enables the efficient integration of control, computation and signal interaction functions within a unified architecture. Our sensor fusion technology coordinates multi-source sensor data to improve real-time perception accuracy and robustness. Through the *Cheetah* Software Platform, we offer flexible algorithm configuration, parameter tuning and application development support. Together, these platforms enable a highly efficient development process, rigorous quality control and flexible, innovative product delivery, allowing us to continuously advance product performance and accelerate commercialization across diverse application scenarios.

- ***Sparrow* SoC Platform.** We have developed our *Sparrow* SoC Platform, a multimodal SoC architecture designed to enable edge AI across diverse human-machine interaction scenarios. Our *Sparrow* SoC Platform integrates (1) a RISC-V processor for control, (2) AI and image-algorithm accelerators for computation, and (3) a comprehensive sensing front end that covers a sensor hub, touch, fingerprint and IR modules. It further embeds a high-level security encryption module that complies with EAL4+ and PRC national standards, together with an ultra-high-speed system data architecture, ultra-low-power modules and abundant interface options, enabling efficient local processing with low latency and enhanced privacy protection. Leveraging our *Sparrow* SoC Platform, we have developed multiple products, including AI

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Scaler, automotive-grade general purpose MCUs, STDI chips, wearable touch ICs and SAR sensors. This platform approach allows us to address multiple end markets from the same architectural base and to iterate products quickly to customer requirements.

- **Sensor fusion technology.** Unlike traditional sensor fusion approaches that rely on multiple discrete sensors, our sensor fusion technology integrates multimodal physical signal acquisition and fusion processing at the chip level. By performing fusion processing within the chip rather than across discrete external sensors, our products achieves high-precision perception in compact form factors, with lower system complexity, reduced component count and improved robustness under diverse environmental environments. Leveraging our sensor fusion technology, our multi-dimensional interaction and proximity sensing capabilities allow us to perform proximity detection, pressure and temperature measurement and comprehensive tactile function.
- **Cheetah Software Platform.** Our *Cheetah* Software Platform is designed to support the development and testing of multiple chip families through a single, consolidated platform. It offers a unified software development kit, algorithm libraries and development tools that enable fast customization, efficient deployment and lifecycle maintenance across product variants.

Edge AI Chip Products

We leverage our chip-level capabilities and platform architecture to deliver edge AI chip products for multiple downstream applications, including smart cockpit systems, STDI chips, AI Scaler and smart tactile interaction systems. By integrating perception, computation and control with AI capability at the edge device, our products achieve high integration, optimized power efficiency and improved user experience, while reducing system development complexity and time-to-market for our customers.

RESEARCH AND DEVELOPMENT

Through years of R&D efforts, we have built extensive expertise in the field of edge AI chips and solutions industry, with a particular focus on display, and sensing-control applications. We continuously expand our product portfolio, updating existing products and introducing cost-effective new products to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry.

We have been committed to investing into our R&D talents and initiatives. We incurred research and development expenses of RMB124.7 million, RMB86.8 million and RMB93.5 million in 2023, 2024 and 2025, respectively. Our research and development expenses decreased by 30.3% from RMB124.7 million in 2023 to RMB86.8 million in 2024, mainly as a result of our strategy in streamlining an automotive-grade sensing-control chip R&D project, with longer expected commercialization timeline, and allocating our R&D resources to focus on our main business lines, for a more focused and efficient R&D investment structure. See “Financial Information—Period to Period Comparison of Results of Operations—Year ended December 31, 2024 Compared to Year ended December 31, 2023.” During the Track Record Period, while we conduct a vast majority of our R&D activities in-house, we also collaborated with various academic institutions and research institutions in China such as Shenzhen Tsinghua University Research Institute and Xidian University, on research projects related to image processing and automotive-grade MCUs to explore various cutting edge technologies to enhance our core competence. We have not in-licensed any material intellectual property rights. Our Directors confirm that during the Track Record Period, all of our research and development costs were related to display and sensing-control chip products, which fall within a Specialist Technology pursuant to paragraph 2(ii) under Chapter 2.5 of the Guide.

Our collaborations with third-party institutions are mutually beneficial, with researchers involved benefiting from academic or industry recognition for their contribution. For the R&D collaboration, we have entered into written agreements with the collaborating parties. The following sets forth the key terms of our R&D collaboration arrangements.

- **Roles and responsibilities.** We are usually responsible for supplying the materials and data required for the R&D projects as well as providing financial support. For collaborations

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involving co-owned patents, we are generally responsible for the drafting and filing of the patent applications and the upkeep of the relevant patent rights. The collaborating academic institute is normally responsible for appointing a lead professor and research staff for the project and for achieving the agreed project milestones.

- **Responsible personnel.** Each party shall assign sufficient personnel to the joint development.
- **Funding.** We are typically responsible for the funding of the collaborative projects, as well as expenses in relation to intellectual property applications and intellectual property rights maintenance.
- **Intellectual property.** Intellectual property rights created through substantially all of our R&D collaboration will be either (1) solely owned by us, in which case the economic interests of commercializing intellectual property belong entirely to us, or (2) co-owned by our collaborating academic institute and us.
- **Confidentiality.** Each party must preserve the confidentiality of information obtained in the course of the collaboration, and refrain from using such information for any unrelated purposes.

We perform all of our core technology R&D in-house, allowing us to focus on our proprietary and differentiating technologies. Our R&D collaborations are primarily undertaken to facilitate downstream application development based on our existing products, rather than develop core or foundational technologies. For example, we had an R&D collaboration on the development of a multifunctional automotive seat control solution, creating software copyrights relating to platforms such as electric seat fault diagnosis and management, as well as precision adjustment and control systems, which are application-oriented intellectual properties built upon our existing chip architecture. Our Directors confirm that no material intellectual property rights have resulted from our collaborations with third-party institutions that are related to or significant to our products. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material legal claims or proceedings that may have an influence on the R&D of our products.

Our R&D Team and Core Members

As of December 31, 2025, we had assembled an R&D team of 84 personnel, accounting for approximately 50% of our workforce, and 44% of whom held a master’s degree or above. Our dedicated and experienced R&D team is led by our CTO, Mr. Bai Songrong. Each of our core R&D team members has more than 15 years of industry experience. The following table sets forth the details of our core research and development members.

Core research and development members

Profile

Mr. Bai Songrong

Mr. Bai is our co-founder and Chief Technology Officer. He is responsible for overseeing all of our engineering and R&D activities. He obtained a bachelor’s degree in engineering and a master’s degree in science, from the National University of Singapore. With over 25 years of global semiconductor industry experience, Mr. Bai has profound expertise in SoC design, mixed-signal processing and smart sensing. He has played a pivotal role in the development of our core products, including our TMCUs, AI Scaler and STDI chips, contributing to our receipt of multiple national-level scientific and technological achievement awards from the MIIT.

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Core research and development members

Profile

Mr. Zhang Haiyue

Mr. Zhang is our R&D director. He is responsible for overseeing digital chip design, verification, algorithms and systems development. He obtained a bachelor’s degree and a master’s degree in microelectronics and solid-state electronics, respectively, from Harbin Institute of Technology. With over 23 years of experience, Mr. Zhang has successfully led the development of multiple large-scale SoC and MCUs and possesses a systematic understanding of the entire chip lifecycle.

Mr. Fan Shuo

Mr. Fan is our Analog Design director. He is responsible for our analog chip design. He holds a bachelor’s degree in electronic engineering from the University of Electronic Science and Technology of China and a master’s degree in microelectronics from the University of Twente. With 19 years of experience, Mr. Fan is an expert in analog design and SoC development processes. He independently developed a novel SAR ADC architecture with a Figure of Merit that ranks among the best in the industry, demonstrating exceptional innovation capabilities.

Mr. Lin Jianjun

Mr. Lin serves as our director of Software and Applications, overseeing the development from FPGA verification to mass production firmware, covering our AI Scaler and touch IC product lines. He holds a bachelor’s degree in biomedical engineering from Xidian University, with 21 years of industry experience, including over 15 years of in-depth expertise in the display and touch IC sector. He has led the R&D of multiple products, supporting the cumulative shipments of over 100 million units in relevant product lines.

Dr. Sun Binxuan

Dr. Sun serves as the head of our Algorithm Department. He holds a bachelor’s degree in applied physics and a doctoral degree in pattern recognition and intelligent systems from Donghua University. Boasting over 15 years of professional experience in the field, Dr. Sun is a seasoned expert specializing in image processing, data compression and deep learning model optimization. He has led the R&D of multiple core algorithms that are pivotal to enhancing the market competitiveness of our AI Scaler and STDI chips. Notably one of the image compression algorithms developed under his leadership has achieved a 50% reduction in module area while maintaining competitive performance metrics.

Mr. Bai and Mr. Zhang are the key personnel responsible for the Specialist Technology Company, as referred to in Rule 18C.14 of the Listing Rules. See “History and Corporate Structure — Lock-up Period.”

We retain key management and technical staff with competitive remuneration packages and welfare benefits. We maintain ongoing communication with key management or technical staff to identify and mitigate potential departure risks, coupled with structured retention efforts during exit processes. We also invest in training programs to upskill our key staff. We also recruit candidates with relevant knowledge and skills by online recruitment, campus recruitment and internal referrals, among others, to avoid the negative impact that could be caused by attrition.

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The salient terms of agreements with management and technical staff are set out below.

- *No conflict.* During the employment, the employee shall not engage in any other job, whether full-time or part-time, without our written consent.
- *Non-competition.* We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, the employee shall not engage in any competitive behavior.
- *Non-solicitation.* During the employment and for two years thereafter, the employee shall not, directly or indirectly, solicit or attempt to solicit our current and former employees to leave their employment or solicit or otherwise influence our relationships with our customers or suppliers.
- *Inventions arrangement.* We own all rights, titles and interests (including patent rights, copyrights, trade secret rights and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), designs, know-how, ideas and information made, conceived or reduced to practice, in whole or in part, by the employee during the term of the employment contract to the fullest extent allowed by applicable laws and the employee shall promptly disclose all inventions to us.
- *Proprietary information arrangement.* All inventions and all other business, technical and financial information (including, without limitation, the identity of and information relating to customers or employees) the employee develops, learns or obtains during the term of the employment contract that relate to us or our business or demonstrably anticipated business, or that are developed in whole or in part during the employment or using our equipment, supplies, facilities or confidential information, or that are received by or for us in confidence, constitute proprietary information. The employee shall hold in confidence and not disclose or, except within the scope of the employment, use any proprietary information. The employee shall maintain confidentiality obligations indefinitely after the expiration or termination of employment until we declare such information declassified or that such information becomes publicly available. The expiration or termination of the employment agreement shall not release employees from the continued confidentiality obligations.

Our Research and Development Process

Our R&D process followed the framework of the integrated product development process. Factors such as product definition, feasibility analysis, product developments, field applications, and customer support are taken into consideration. We have established a comprehensive process to ensure strict control and oversight of our R&D activities. Our R&D process primarily encompasses the key steps of (1) concept, (2) planning, (3) design and verification, and (4) launch. The process from formulation of product concepts to the commencement of mass production may vary from approximately 270 days for our display chips to approximately one year for our sensor and control chips, depending mainly on the complexity and novelty of the products, as well as the requirements of relevant customers. We have implemented rigorous control protocols over our research and development process to ensure full-cycle quality control.

- *Concept phase.* At the initial stage, we collect and confirm market demands, conduct pre-project research and form a project charter. Based on the charter, our team defines the product package requirements, evaluates alternative concepts and assesses the overall attractiveness of the product opportunity. This stage concludes with the creation of a market requirement document and a preliminary project plan, which are subject to a technology review or needs assessment review.
- *Planning phase.* In this phase, we clearly define the product and its competitive advantages. Our team develops a detailed project and resource plan to ensure that risks are reasonably managed. This involves breaking down market requirements into a specific product requirement document and defining the overall system architecture. The phase is marked by key internal reviews, including a specification review and a product review, to ensure the feasibility and robustness of the plan before committing to full-scale development.

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- *Design and verification phase.* Following the planning phase, our R&D personnel proceed with detailed development tasks, including chip architecture design, circuit design and simulation. The design process is segmented into “Bronze,” “Silver” and “Gold” milestones to ensure quality at each sub-stage. After the design is finalized and passes our rigorous design review, we proceed with the tape-out process by coordinating with our third-party wafer foundries to produce engineering samples. Once the samples are returned, they undergo comprehensive functional and performance validation, including verification and testing review, to ensure alignment with our product specifications.
- *Launch phase.* After successful internal and customer validation, the product enters into the launch phase. This stage involves small-scale trial production runs, which are evaluated through a trial production review. Upon successful completion, we conduct a final pre-mass production review to ensure all manufacturing systems, quality standards and supply chain logistics are in place. We then proceed to mass production, manufacturing products in sufficient quantities to meet customer and quality requirements, followed by lifecycle maintenance.

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. We have taken the following key measures to protect our intellectual property rights, including (1) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (2) timely registration, filing and application for the ownership of our intellectual properties, (3) timely report to the management upon identification of infringement of our intellectual property rights by third parties, (4) providing trainings to enhance employees’ intellectual property right awareness and to ensure our intellectual property protection measures’ long-term effectiveness, and (5) stipulating and emphasizing the ownership and protection of intellectual properties in the employment agreements and employee handbook.

As of December 31, 2025, we had 166 granted patents, which was comprised of 124 invention patents, 42 utility model patents and 150 patent applications which were pending approval in Chinese mainland. As of the same date, we had 38 software copyrights and 35 registered trademarks in Chinese mainland. As of the same date, we had filed two invention patents in the United States.

Examples of patents held by us in connection with our core technologies which we consider to be material to our business include the following.

No.	Relevant core technologies	Patent name	Place of registration	Patent number	Major function
1.	Capacitive sensing technology . . .	A capacitance detection circuit, related method, module, apparatus and device (一種電容檢測電路、相關方法、模塊、裝置及設備)	China	202110541314.2	Provides a capacitance detection circuit that effectively reduces circuit noise and increases the signal-to-noise ratio, thereby improving detection sensitivity and accuracy.
2.	Image processing technology . . .	Image processing method, apparatus and storage medium (圖像處理方法、裝置及存儲介質)	China	202110910656.7	Provides an image processing method that improves image quality when down-sampling by identifying content categories and performing targeted regional processing.
3.	Capacitive sensing technology . . .	Mutual capacitance detection circuit, touch chip and electronic device (互容檢測電路、觸控晶片和電子設備)	China	2023231016424.4	Provides a mutual capacitance detection circuit that avoids signal amplifier saturation, thereby expanding the detection range and improving the precision of touch sensing.

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No.	Relevant core technologies	Patent name	Place of registration	Patent number	Major function
4.	Image processing technology . . .	An image conversion method, apparatus, device, medium and program product (一種圖像轉換方法、裝置、設備、介質及程序產品)	China	202410286177.6	Provides a method to convert Pentile images to RGB images while reducing color artifacts (pseudo-color), thereby solving a common issue in image generation.
5.	Capacitive sensing technology . . .	Capacitance detection circuit, method, touch chip and electronic device (電容檢測電路、方法、觸控晶片和電子設備)	China	202311526584.1	Provides a capacitance detection circuit that can automatically identify the type of capacitor being measured (self or mutual) and adapt its detection method accordingly, catering to diverse application scenarios.
6.	Capacitive sensing technology . . .	A capacitance detection method and circuit based on a delay-locked loop (一種基於延遲鎖相環路的電容檢測方法及電容檢測電路)	China	202211187746.9	Provides a capacitance detection method that improves the signal integrity and locking range of the detection circuit, leading to higher precision in capacitance measurement.
7.	Image processing technology . . .	A local image processing method, apparatus, electronic device and storage medium (一種局部圖像處理方法、裝置、電子設備及存儲介質)	China	202110913072.5	Provides a method for local image updates that fills in edge data to eliminate defects, thereby improving the quality of the updated image.
8.	Image processing technology . . .	Image processing method and related apparatus (圖像處理方法及相關裝置)	China	202110916296.1	Provides an image processing method that improves image quality after down-sampling by performing edge detection and enhancement prior to the sampling process.
9.	Capacitive sensing technology . . .	A detection method, apparatus, touch device and storage medium (一種檢測方法、裝置、觸控裝置以及存儲介質)	China	202410751280.3	Provides a detection method for touch devices that determines the touch position by measuring horizontal and vertical coordinates separately, reducing cost and complexity.
10.	Signal processing . . .	SAR ADC and Electronic Device (逐次逼近型數字模數轉換器SAR ADC和電子設備)	United States	18/276,977	Converts an analog input voltage into a digital code by successively approximating it using a capacitive DAC controlled by SAR logic.
11.	Capacitive sensing technology . . .	Antenna self-capacitance variation detection method, apparatus, and related application (天線自電容變化檢測方法、裝置及相關應用)	United States	18/134,299	Detects changes in antenna self-capacitance caused by nearby objects and determine proximity, enabling accurate adjustment of the antenna's transmission power.
12.	Capacitive sensing technology . . .	Signal processing methods and related apparatus for demodulated signals in a capacitive sampling circuit (電容採樣電路中對解調信號的信號處理方法及相關裝置)	China	202310029858.X	Provides a signal processing method that ensures the accurate estimation of demodulated signals even when the sampling frequency changes, enhancing signal reliability.

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No.	Relevant core technologies	Patent name	Place of registration	Patent number	Major function
13.	Image processing technology . . .	Real-time resolution switching control method and apparatus (分辨率實時切換控制方法及裝置)	China	202310139122.8	Provides a control method for switching display resolutions in real-time while avoiding screen flickering or tearing, ensuring a smooth visual output.
14.	Image processing technology . . .	Frame rate conversion method and apparatus for video mode (針對視頻模式的幀率轉換方法及裝置)	China	2023100242014	Provides a method that enables the conversion of input frame rates to different output frame rates by managing buffer conflicts, allowing for flexible frame rate adaptation.

As advised by our PRC Legal Advisor, pursuant to the Patent Law of the PRC (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of ten years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See “Risk Factors—Risks Relating to the Research and Development and Intellectual Property Rights of Our Products.” Our Directors confirm that we did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

During the Track Record Period, we primarily sold our products to customers located in Chinese mainland. In 2023, 2024 and 2025, our revenue from sales to customers located outside Chinese mainland was RMB8.0 million, RMB1.6 million and RMB8.7 million, respectively, representing 5.4%, 0.6% and 2.5% of our total revenue for same respective periods.

We adopted hybrid sales channels and sold our products through both direct sales and distributors. The following table sets forth a breakdown of our revenue by distribution channels for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						
Distributorship	94,470	62.9	170,885	70.0	126,740	36.6
Direct sales	55,642	37.1	73,186	30.0	219,619	63.4
Solution providers in the consumer electronics industry	18,850	12.6	46,039	18.9	108,783	31.4
Electronic integrators in the consumer electronics industry . .	36,793	24.5	27,147	11.1	39,361	11.4
Tier 1 suppliers in the automotive industry	—	—	—	—	71,475	20.6
Total	150,112	100.0	244,071	100.0	346,359	100.0

Our revenue contribution from direct sales increased from 30.0% in 2024 to 63.4% in 2025, primarily driven by (1) the increase in revenue from Tier 1 suppliers in the automotive industry, mainly resulting from our revenue from SCCUs, which we launched in June 2025 and generated revenue of RMB70.7 million in 2025; and (2) the increase in revenue from solution providers in the consumer electronics industry, resulting from our active expansion of our direct sales customers. As our SCCUs business continue to expand, we expect our revenue contribution from direct sales customers will continue to increase.

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Our sales force is essential to build, maintain and promote our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. As of December 31, 2025, we had assembled a dedicated sales and technology support team of 36 members with strong expertise in the sales of our products. The technically complex nature of our product requires our sales force to possess specialized expertise. Our sales and technology support team is equipped with knowledge of our products and is primarily responsible for frequently communicating with our customers and understanding their feedback on the quality, improvements and market demand of our products. To encourage and incentivize our sales force, we have implemented a compensation structure combines a fixed salary with performance-based assessments and special incentives.

Our Sales Arrangements

Direct Sales

We sell our products to customers via direct sales at their demand. Our direct sales customers primarily include Tier 1 suppliers in the automotive industry and electronic integrators and solution providers in the consumer electronics industry, a significant portion of which were leading companies in their respective fields. We believe that our direct engagement with these customers and our proactive efforts to develop and strengthen relationship with them can enable us to address their demands in a satisfactory and efficient manner, accumulate critical know-hows and enhance our market penetration and positioning in the relevant downstream sectors. Driven by our commitment to product-market-fit, we primarily attract and retain direct sales customers leveraging our ability to offer products that effectively meet their requirements, as well as evolving industry standards and technology advancements. In particular, we have fostered strong and sustainable collaborative relationship with certain direct sales customers by maintaining regular communications with them and providing customized products.

The following table sets forth certain key metrics of our direct sales customers for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Number of direct sales customers at the beginning of the year	22	46	35
Number of new direct sales customers	37	25	147
Number of exiting direct sales customers	(13)	(36)	(22)
Number of direct sales customers at the end of year	46	35	160
Number of transactions with direct sales customers	90	117	562
Average direct sales customer value ⁽¹⁾ (RMB in thousands)	1,210	2,091	1,373
Average transaction value of direct sales customers ⁽²⁾ (RMB in thousands)	618	626	391
Direct sales customer retention rate ⁽³⁾	41%	22%	37%
Net dollar retention rate of direct sales customers ⁽⁴⁾	174%	90%	152%

(1) Calculated by dividing the revenue generated from direct sales in a given year by the number of direct sales customers who purchased our products in the same year.

(2) Calculated by dividing the revenue generated from direct sales in a given year by the number of transactions by our direct sales customers in the same year.

(3) Calculated by dividing the number of direct sales customers of both current and previous periods by the number of direct sales customers of the previous period, multiplied by 100%.

(4) Calculated by dividing the revenue of a current period from direct sales customers of both current and previous periods by the revenue of the previous period of such direct sales customers, multiplied by 100%.

Our number of exiting direct sales customers increased from 13 in 2023 to 36 in 2024, primarily because we streamlined our direct sales customer base to strategically allocate our resources to pursuing customers in the automotive industry, such as offering customers in the automotive industry more

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concentrated customer support. The number of our direct sales customers increased from 35 in 2024 to 160 in 2025, primarily due to our commercialization of SCCUs, which brought us numerous new direct sales customers. Our average direct sales customer value decreased from RMB2.1 million in 2024 to RMB1.4 million in 2025, primarily due to our expansion of smart cockpit business, through which we have acquired a larger base of new customers, who mainly made small batches of purchases that lowers the average transaction value.

Principal Terms of Sales Agreements with Direct Sales Customers

We typically enter into framework agreements and subsequent purchase orders or purchase order only with our direct sales customers. The following paragraphs set forth a summary of the salient terms of our arrangements with direct sales customers.

- **Term and termination.** The term of the framework agreement is typically one to three years. Parties may terminate the sales agreement in the event of a material breach of contract. During the Track Record Period, the framework agreements entered into with our direct sales customers were primarily related to our display chip products.
- **Product specification.** Our customers typically set forth specific product specification requirements for the products ordered, including chip model, technical parameters such as interface protocols and system configurations to ensure compatibility with different terminal devices, quantity and packaging requirements, without changing the core functionality of our products.
- **Pricing and payment term.** We sell our products to direct sales customers at agreed levels as stipulated in the relevant agreements. Except for certain major direct sales customers with good credit profile and collaborative relationship with us, we generally require prepayments from our direct sales customers before delivery. For the sales on credit to direct sales customers, we typically grant a credit term ranging from 30 to 90 days.
- **Purchase commitment.** Under the framework agreements, we shall provide the relevant products exclusively to the corresponding customers, provided that certain purchase volume thresholds are met. However, if the customers’ actual purchases fall below the agreed levels, we are entitled to adjust or terminate such exclusivity and supply the relevant products to other customers. We offer conditional exclusivity under our framework agreements with direct sales customers mainly because the product under customization are typically designed for specific application scenarios. For example, they may need to be compatible with certain terminal platforms or adapted to the display requirements of particular smartphone brands. This type of customization is intended to meet the common needs of a defined market segment, rather than the unique needs of any single customer. In this context, conditional exclusivity gives our direct sales customers a dedicated window to develop their market, and the purchase commitment motivates them to actively promote the customized products and meet agreed-upon purchase targets in order to retain exclusivity. This mechanism protects customers’ market development efforts during the exclusivity period and enhances the efficiency of commercializing the our products. Ultimately, it supports broader adoption within the target market segment.
- **Supporting services.** We are responsible for providing supporting services to the direct sales customers.
- **Product warranty, return and exchange.** We provide a product warranty for a period of 12 months from the date of delivery. Our policy for returns and exchanges is stringent: a return or exchange is granted only after a joint analysis confirms that the issue is unequivocally due to a defect in our product.

Sales Through Distributors

We have adopted a distributorship model for a portion of the sales and distribution of our products to end customers, under which we remain principally responsible for maintaining relationship with the end customers, formulating the product specifications and providing technical supporting services, while the

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distributors are responsible for delivery to end customers and settlement with us. According to the F&S Report, the engagement of distributors for the sales of products is industry norm in the semiconductor industry. Such distribution model streamlines our operations by enabling us to focus on the R&D of our products and strengthen our core advantages, improving our operational leverage by reducing inefficient sales and administrative procedures and improving our financial flexibility.

Our relationship with distributors is categorized as seller-buyer relationships, as they buy out our products from us and then resell the products to the end customers. We recognize sales revenues from distributors when the control over our products is transferred to such distributors, which occurs when distributors sign the acceptance receipt confirming completion of product delivery. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not aware of any sub-distributors of our products.

The following table sets forth the key metrics of our distributors for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	7	16	37
Number of new distributors	11	26	25
Number of exiting distributors	(2)	(5)	(20)
Number of distributors at the end of the year	16	37	42
Number of transactions with distributors	93	145	314
Average distributor value ⁽¹⁾ (RMB in thousands)	5,904	4,619	3,018
Average transaction value of distributors ⁽²⁾ (RMB in thousands)	1,016	1,179	404
Distributor retention rate ⁽³⁾	71%	69%	46%
Net dollar retention rate of distributors ⁽⁴⁾	138%	177%	73%

- (1) Calculated by dividing the revenue generated from distributorship in a given year by the number of distributors who purchased our products in the same year.
- (2) Calculated by dividing the revenue generated from distributorship in a given year by the number of transactions with our distributors in the same year.
- (3) Calculated by dividing the number of distributors of both current and previous periods by the number of distributors of the previous period, multiplied by 100%.
- (4) Calculated by dividing the revenue of a current period from distributors of both current and previous periods by the revenue of the previous period of such distributors, multiplied by 100%.

We had 26 new distributors in 2024, primarily due to the expanded sales of our MCUs and AI Scaler. We had 25 new distributors in 2025, primarily due to the expanded sales of our TMCUs. The launch of new products typically will lead to the addition of new distributors, primarily because, during the initial rollout phase, we actively expand our distribution network to increase market coverage. The number of exiting distributors increased from five in 2024 to 20 in 2025, primarily due to our proactive strategic adjustment regarding our new AI Scaler, which is in its late lifecycle stage. This adjustment involved terminating partnerships with 12 related distributors to reallocate resources in our sales channels towards newer, higher-growth products such as TMCUs. Our average distributor value decreased from RMB4.6 million in 2024 to RMB3.0 million in 2025, primarily due to the decrease in our revenue from distributorship, mainly as a result of our efforts to expand our direct sales channels. Our average transaction value of distributors decreased from RMB1.2 million in 2024 to RMB0.4 million in 2025, primarily due to our early-stage cooperation with the newly introduced distributors for our TMCUs, who mainly made small batches of purchases that lowers the average transaction value.

Our historical sales through distributors were generally recurring, except for circumstances where we terminated our relationship with certain distributors. During the Track Record Period and up to the Latest Practicable Date, we did not experience material breach of distribution agreements that had a significant impact on our business, nor did we have any material disputes with or experience any return or exchange of products from our distributors that had a material adverse effect on our business. In 2023, 2024 and 2025, the amount of returned products from our distributors was nil, nil and RMB0.5 million, respectively, accounting for nil, nil and 0.4% of the total revenue generated from our distributors in the same respective periods.

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To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were independent third parties. To the best of our knowledge, except for the business relationship with us pursuant to the distribution arrangements, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of our total issued Shares, Directors or senior management or any of their respective associates.

Principal Terms of Distribution Agreements

We typically work with our distributors on a purchase order basis. The following paragraphs set forth a summary of the salient terms of our arrangements with distributors.

- **Term.** Our transactions are governed by individual purchase orders.
- **Pricing and payment term.** We determine our selling price to the distributors based on prevailing pricing policies and quotations. Our standard payment term with distributors is payment before delivery. We do not generally grant credit terms to distributors.
- **Sales amount and sales target.** The distributors confirm the purchase amount with us in written purchase orders specifying product model, specifications, quantity and total amount. We do not set any minimal sales and purchase amount for our distributors.
- **Supporting services.** While distributors handle logistics and payment settlement with end customers, we, as the original chip designer, remain responsible for providing essential technical support services directly to the end customers. This ensures product performance and allows us to efficiently address any technical issues that may arise.
- **Return and exchange.** We allow for remedies if a product is confirmed to have functional defects or quality issues that prevent its use in mass production. In such cases, the customer may be entitled to apply the full payment made for the defective batch towards the purchase of other chip products from us. We generally do not provide a warranty period for products sold, and returns or exchanges are subject to joint analysis confirming the issue is unequivocally due to a defect in our product.

Distributor Management

We have implemented certain measures to monitor and manage our distributors, including those on distributor selection. We maintain strong oversight of our sales channels to prevent issues such as channel stuffing, as our internal production plan is formulated based on customers’ production cycles and procurement forecasts.

- **Distributor selection.** Distributors are involved in our sales arrangements mainly at the request of specific end customers, particularly in the automotive industry where a distributor model is common. We may also recommend distributors when end customers do not designate one. We select distributors primarily based on their industry reputation, customer relationships and financial stability. For qualified distributors, we may issue distributor certificates to them.
- **Channel stuffing risk management.** To mitigate the risk of channel stuffing, we have implemented a dynamic inventory management mechanism that is driven by end customer demand. We set rolling sales targets for our distributors to avoid pressuring them to place large orders, particularly at the end of a quarter or fiscal year. We typically advise our distributors to maintain a standing inventory of approximately one to three months based on historical sales data and market forecasts, which is subject to dynamic adjustments. We will collect and review the sales and inventory information of our distributors with annual transaction amounts in either current or previous year exceeding RMB1.0 million, on a monthly basis. Distributors above the threshold contributed over 90% of our revenue from distributors in each year in 2023, 2024 and 2025. According to the F&S Report, the threshold of RMB1.0 million is consistent with industry practices. For distributors below the aforementioned revenue threshold, we primarily monitor their inventory level through regular communications conducted by our sales personnel, such as routine customer visits, phone communications and online meetings. If a distributor’s sales volume increases, we advise a moderate increase in

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their inventory; conversely, if sales slow down, we reduce their replenishment volume. In the event of order cancellations from end customers, we proactively adjust the distributor’s procurement plan and prioritize the sale of existing inventory. These measures ensure that our channel inventory levels remain at a healthy and reasonable state, as determined based on multiple factors, including historical sales volume, order backlog and sales forecasts. As a result, inventory monitoring of the distributors above the threshold identifies no abnormal inventory levels, with end-of-period inventory level consistently maintained within the target range of one to three months during the Track Record Period, effectively mitigating the risks of price erosion and excess stock. At the end of each year during the Track Record Period and as of the Latest Practicable Date, based on the forgoing, to the best knowledge of our Company, there was no significant unsold inventory held by our distributors.

- **Anti-cannibalization.** We manage cannibalization risks among distributors by assigning distributors to end customers based on a customer-oriented matching principle, adhering to a rule of no cross-selling or customer poaching to minimize conflicts arising from inconsistent objectives. If the distributor breaches such arrangement, we have the right to terminate the agreement, and the distributor shall bear full liability for all direct and indirect losses incurred by us as a result thereof.

Marketing and Branding

We believe that the competitive advantages of our products, close ties with key players in relevant downstream sectors, mass production experience and our commitment to market-technology-product have played a significant role in appealing to customers and enhancing our market penetration. Due to the nature of our products and customers, we have adopted an efficient and targeted go-to-market approach, focusing on constructive ongoing communications with key players in relevant downstream sectors, including topics on product development, technology trends and supply chain strategies. During such process, we identify and address evolving customer needs and pain points, which provides critical insights to support our new product development while simultaneously enhancing customer stickiness.

To further enhance our visibility and cultivate our brand image, our sales and marketing personnel regularly visits customers’ sites to conduct communication and promotion activities, and we also hold workshops and product sharing sessions from time to time with our major customers. In addition, we also selectively participate in industry symposiums and exhibitions, and share our latest developments, industry insights and product information through multiple online media channels. These platforms serve as important tools to demonstrate the capabilities of our products, share technical insights and build connections with our end customers.

Pricing

The price range of our products tend to vary depending on different functions and complexity and customer specifications. We primarily determine our product pricing through negotiations with our customers. We consider factors such as our costs, desired profit margin, pricing of similar products of competitors and degree of market competition in formulating our pricing policies. We also continuously track market dynamics, and regularly optimize our pricing strategy in combination with cost fluctuations, industry price trends and changes in customer needs to ensure the rationality and market competitiveness of our price.

CUSTOMERS

Our customers during the Track Record Period primarily include distributors, as well as direct sales customers in relevant downstream sectors, in particular Tier 1 suppliers in the automotive industry and electronic system integrators and solution providers in the consumer electronics industry. Our products are distributed to Tier 2 suppliers in the automotive industry primarily through our distributors. Our products are ultimately incorporated into end products sold to (1) automotive OEMs, such as BYD, SAIC and Chery Automobile; and (2) consumer electronics brand owners, such as Philips, Oppo, Vivo and Baseus. In the automotive industry, Tier 1 suppliers integrate our chips into modules or subsystems that are supplied to automotive OEMs for vehicle integration. In the consumer electronics industry, electronic system integrators and solution providers integrate our chips into complete products or modules that are delivered to consumer electronics brand owners. Our Directors confirm that we did not have any material

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indirect reliance with such automotive OEMs and consumer electronics brand owners during the Track Record Period and up to the Latest Practicable Date. In 2023, 2024 and 2025, revenue generated from our top five customers for each period during the Track Record Period accounted for 78.6%, 88.8% and 78.3% of our total revenue of such period, respectively, and revenue generated from our largest customer for each period during the Track Record Period accounted for 57.9%, 66.5% and 33.1% of our total revenue in the same respective periods. During the Track Record Period, we primarily provided display chips to our five largest customers in each year. We typically settle payments with our top five customers by bank transfer.

The following tables set forth the details of the five largest customers in each year during the Track Record Period.

Customer	Revenue amount (RMB in thousands)	Percentage of revenue contribution (%)	Commencement of collaboration	Customer type	Primary payment term
For the year ended December 31, 2023					
Customer A ⁽²⁾	86,898	57.9%	2020	Distributor	Prepayment
Customer B ⁽¹⁾⁽³⁾	8,924	5.9%	2022	Solution provider	Prepayment
Customer C ⁽⁴⁾	8,048	5.4%	2021	Electronic system integrator	Prepayment
Customer D ⁽⁵⁾	7,258	4.8%	2022	Electronic system integrator	Prepayment
Customer E ⁽⁶⁾	6,932	4.6%	2022	Solution provider	Prepayment
Total	118,060	78.6%			
For the year ended December 31, 2024					
Customer A ⁽²⁾	162,275	66.5%	2020	Distributor	Prepayment
Customer F ⁽⁷⁾	41,605	17.0%	2022	Solution provider	Prepayment
Customer G ⁽⁸⁾	5,736	2.4%	2024	Electronic system integrator	Prepayment
Customer H ⁽⁹⁾	3,768	1.5%	2023	Electronic system integrator	Prepayment
Customer I ⁽¹⁰⁾	3,297	1.4%	2024	Electronic system integrator	Prepayment
Total	216,681	88.8%			
For the year ended December 31, 2025					
Customer A ⁽²⁾	114,702	33.1%	2020	Distributor	Prepayment
Customer F ⁽⁷⁾	95,005	27.4%	2022	Solution provider	Prepayment
Customer J ⁽¹¹⁾	43,458	12.5%	2025	Tier 1 supplier	Prepayment
Customer B ⁽¹⁾⁽³⁾	12,957	3.7%	2022	Solution provider	Prepayment
Customer K ⁽¹²⁾	5,581	1.6%	2025	Electronic system integrator	Prepayment
Total	271,703	78.3%			

(1) The revenue amounts included amounts from the entities it controls.

(2) A company located in Shenzhen, Guangdong Province, primarily engaged in the provision of integrated chip solutions, with a registered capital of RMB6.2 million. According to the latest publicly available information, it had approximately 30 employees in 2024.

(3) A company located in Shenzhen, Guangdong Province, primarily engaged in the design, research and development, and sales of integrated circuit chips and software, with a registered capital of RMB1.0 million.

(4) A company located in Hong Kong, primarily engaged in micro-electronics process technology and silicon optical chip development.

(5) A company located in Shenzhen, Guangdong Province, primarily engaged in the manufacturing and sales of electronic components, display devices, and smart home consumer equipment, with a registered capital of RMB5.0 million.

(6) A company located in Shenzhen, Guangdong Province, primarily engaged in the manufacturing and sales of electronic components, display devices, and communication equipment, with a registered capital of RMB30.0 million.

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- (7) A company located in Shenzhen, Guangdong Province, primarily engaged in the development and sales of electronics, digital products, integrated circuits and software, with a registered capital of RMB20.0 million.
- (8) A company located in Shenzhen, Guangdong Province, primarily engaged in the design, manufacturing and sales of integrated circuits, optoelectronic devices and electronic components, with a registered capital of RMB1.0 million.
- (9) A company located in Shenzhen, Guangdong Province, primarily engaged in the manufacturing and sales of electronic components, display devices and communication equipment, with a registered capital of RMB1.0 million.
- (10) A company located in Shenzhen, Guangdong Province, primarily engaged in the research, design, manufacturing and sales of electronics and communication products, with a registered capital of RMB0.5 million.
- (11) A company located in Shenzhen, Guangdong Province, primarily engaged in the manufacturing and sales of smart automotive equipment, automotive parts, and electronics, with a registered capital of RMB5.0 million.
- (12) A company located in Shenzhen, Guangdong Province, primarily engaged in the sales of electronic components, communication equipment, and automotive parts, with a registered capital of RMB10.0 million.

To the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Our Relationship with Customer A

Background

In 2023, 2024 and 2025, Customer A was our largest customer in each year during the Track Record Period. Revenue generated from Customer A amounted to RMB86.9 million, RMB162.3 million and RMB114.7 million, respectively, accounting for 57.9%, 66.5% and 33.1% of our total revenue in the same respective periods.

Customer A is an integrated chip solution provider in China, established in 2020, with a registered capital of RMB6.2 million. The downstream customers of Customer A primarily include module manufacturers, OEMs and solution providers that incorporate chips and related components into their end products. Its downstream customers are mainly distributed across industries such as consumer electronics and other smart hardware applications.

We commenced our business relationship with Customer A in 2020 through our ordinary course of business development activities and Customer A became our largest customer in 2022. Our collaboration was driven by a mutual interest in the development of the display chip industry, such as ASIC scaler. At that time, Customer A had established experience in the display panel industry, with its core management team possessing over 15 years of relevant industry experience. Our transactions with Customer A were initially governed by a three-year cooperation development agreement entered into in December 2020 in relation to the joint development and commercialization of a customized AI Scaler. Following the completion of the initial development project, from 2023 onwards, our sales to Customer A have been conducted on a purchase order basis. During the Track Record Period, we primarily provided customized AI Scaler to Customer A. Customer A has played a significant role in the development and growth of our business. As one of our distributors, Customer A is mainly responsible for delivery of products to end customers and settlement with us and we remain principally responsible for maintaining relationship with the end customers, formulating the product specifications and providing technical supporting services. Customer A distributes our AI Scalers to module manufacturers, OEMs and solution providers, which then integrate our display chips into complete products or modules, such as display modules (i.e. phone screens integrated with our AI Scaler), that are delivered to consumer electronics brand owners. For details of our distributorship arrangements, see “— Sales and Marketing — Our Sales Arrangements — Sales Through Distributors.” Customer A does not perform any processing on our products. However, it may address certain basic and routine technical issues in the course of its distribution activities, which is in line with industry practice, as confirmed by the F&S Report.

The key terms of the cooperation development agreement primarily include the following. For details of the key terms of the purchase order between Customer A and us, please see “—Sales and Marketing—Our Sales Arrangements—Distributor Management.”

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- **Products and pricing.** We supply customized AI Scaler in accordance with technical specifications agreed between Customer A and us. The selling price is determined through arm’s length negotiations with reference to the then prevailing market prices of comparable products, taking into account factors such as production cost, order volume and market conditions.
- **Purchase commitment.** Customer A has exclusive distribution rights for the customized AI Scaler if it met certain purchase volume thresholds. If Customer A’s actual purchases fell below the agreed levels, we were entitled to adjust or terminate such exclusivity and to supply the customized AI Scaler or its derivatives to other customers. During the Track Record Period, Customer A had remained as the exclusive distributor of the customized AI Scaler.
- **Intellectual property.** The intellectual property rights arising from the design and development of the customized AI Scaler, including relevant chip designs and technical documentation, were owned by us, while Customer A was granted the right to use and sell the customized AI Scaler within the agreed application field and area.
- **Delivery.** Products are delivered on a self pick-up basis. We are required to place the products at the delivery location specified in the purchase orders within the agreed delivery period, and Customer A shall arrange its own logistics service providers to pick up the products at such location and bear the relevant transportation and other subsequent costs.
- **Risk allocation.** All significant risks are transferred to Customer A upon pick-up.
- **Termination.** Either party could terminate the agreement upon material breach by the other party or upon the occurrence of certain events such as force majeure as specified in the agreement.

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Customer A and there was no material interruption or dispute in respect of our cooperation with Customer A. To the best of our knowledge, Customer A and its ultimate beneficial owners do not have any past or present relationships (whether family, employment, business, financing, trust, shareholding or otherwise) with us, our subsidiaries, our shareholders, directors or senior management, or our respective associates, other than being a customer of our Group. Given our substantial revenue concentration on Customer A, if Customer A decides to terminate or decrease the level of its cooperation with us in the future, it may result in a material and adverse effect on our business, financial condition and results of operations. For details, see “Risk Factors—Risks Relating to Our General Operations and Industry—Our business may be negatively affected if we fail to maintain stable relationship with our major customers.”

Reasons for Our Customer Concentration on Customer A

We believe that the high customer concentration on Customer A is attributable to the following factors.

- **Early stage of commercialization and product focus.** Our customer concentration on Customer A during the Track Record Period primarily reflected our early stage of commercialization and the initial focus of our products on a limited number of application scenarios. We are still at the relatively early stage of the commercialization of certain of our major products. For instance, we achieved the mass production of most of our major product series began in or after 2022. In order to secure stable initial demand for our new products, shorten the validation and mass production ramp-up cycles and build a proven track record in the market, we adopted a strategic approach of allocating more resources to serve a small number of key customers, in particular Customer A, rather than spreading our efforts thinly across a wide base of smaller customers, to ensure effective commercialization and market penetration. Specifically, we consider that Customer A met our requirements at that stage in light of their resources, business scope and scale and their collaborative relationship with us.

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- ***Large-scale supply of customized chip products.*** According to the F&S Report, our cooperation model with Customer A is consistent with common industry practice in the semiconductor sector. It is a prevalent business model to develop customer-specific customized chips funded by customers, according to the same source. Under this model, the customer or solution provider typically pays a one-time engineering development fee and provides market development and technical services while the chip design house focuses on chip design and mass production. Our initial project with Customer A adopted such a risk-sharing customized chip model, following which Customer A naturally became the major customer of such chips.

Risk Mitigation Measures

Given the revenue concentration on Customer A, any decision by Customer A to reduce or terminate its cooperation with us could materially and adversely affect our business, financial condition and results of operations. For details, see “Risk Factors—Risks Relating to Our General Operations and Industry—Our business may be negatively affected if we fail to maintain stable relationship with our major customers.” However, our Directors believe that the risk of Customer A significantly reducing or ending its cooperation with us is relatively low for the following reasons:

- ***Mutually beneficial relationship with Customer A.*** We commenced our business relationship with Customer A in 2020. We had maintained a close and stable partnership with Customer A with no material interruptions or disputes during the Track Record Period and up to the Latest Practicable Date. This longstanding collaboration enables us to maintain a mutual understanding and trust, which serves as the foundation for continued cooperation and growth. We envision no material obstacles to our collaborations with Customer A. Our relationship with Customer A is mutual, as we are highly familiar with Customer A’s specific needs and requirements. To the best knowledge of the Company, during the Track Record Period, the amount of purchases from our Company as a percentage of the total purchases of Customer A was approximately 80% in each respective periods. Leveraging years of strong and stable relationship and deep insights over Customer A’s needs, and our ability to provide comprehensive and cost effective offerings at scale, we have become a strategic edge AI chip products provider of Customer A. Such accumulation allows us to deliver value to Customer A while also driving innovation and operational efficiency and exploring front-line business initiatives. Furthermore, to the best knowledge of our Directors, we remained the largest supplier of AI Scaler to Customer A for each year during the Track Record Period.

Even if alternative options emerge in the future, the switching costs associated with transitioning to a new domestic supplier would remain high for Customer A. Should other suppliers became capable of providing similar chip products in the coming years, Customer A would still need to invest significant time, resources and effort into developing compatibility with the new offerings. This process would require extensive re-engineering, re-testing and potential disruptions to the existing supply chain. In addition, engaging new suppliers introduces significant risks and uncertainties, such as potential product quality concerns, divergence in commercial terms and risks of delay in product delivery, any such instability could have substantial negative impacts on Customer A’s production processes and downstream relationships.

- ***Diversifying customer base.*** We have been actively diversifying our customer base to mitigate risks associated with customer concentration. Leveraging our technological capabilities and industry experience, we have secured new partnerships with other companies, which we believe will contribute to our future growth and reduce our reliance on Customer A over time. As of December 31, 2023, 2024 and 2025, we had 46, 35 and 160 direct sales customers, respectively, among which 37, 25 and 147 are our new direct sales customers, respectively, and we had 16, 37 and 42 distributors, respectively, among which 11, 26 and 25 are our new distributors, respectively. Our percentage revenue contribution from Customer A had decreased from 57.9% in 2023 to 33.1% in 2025. Going forward, we expect percentage revenue contributions from other customers to increase. As a result of this diversification, we expect that the revenue contribution from Customer A to our total revenue from all customers will decrease.

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- ***Diversifying our product portfolio.*** We have also been actively expanding and diversifying our product portfolio to reduce reliance on a limited number of product lines. By developing products targeted at a wider range of application scenarios and industry segments, we expect to attract a broader spectrum of customers, increase the resilience of our revenue sources and mitigate the risk associated with concentration on any single major customer. Leveraging the technological capabilities and experience accumulated from our consumer electronics product lines during the Track Record Period, we have successfully expanded into the automotive industry. As of December 31, 2025, we had achieved a comprehensive portfolio of two major product lines with 17 chip models. We intend to further extend our product offerings to additional industry verticals over time. We expect that our reliance on Customer A will decrease as our customer base further diversify and expand along with the such product and industry coverage extension.

SUPPLIERS

Procurement Model and Supplier Management

Under our fabless model, we outsource wafer fabrication and chip packaging and testing processes to third-party business partners. Our procurement primarily includes (1) wafer, and (2) chip packaging and testing services. We typically engage reputable suppliers to ensure the quality of our products.

We have established a dedicated procurement team responsible for planning, arranging and executing our procurement activities, including the purchase of raw materials, equipment and devices. Our procurement team formulates procurement plans and oversees supplier development, evaluation and management, as well as demand analysis, price comparison, negotiation and procurement cost control. In addition, we have implemented a comprehensive supplier management system to standardize the processes of supplier selection, assessment and exit management, with an aim to ensure that our supply chain meets our strategic objectives in quality, cost, delivery and service. We have adopted supplier qualification procedures to standardize our supplier selection process. For foundry partners, we require proven mass production experience at key project stages, and the capability to provide complete product design kits and design reference flows. For packaging and testing service providers, we require ISO 9001 certification and ISO 16949 certification for automotive-grade products, adequate production capacity that meets our qualification standards, and stable and sustainable output that aligns with our cost targets.

In selecting suppliers, we primarily consider their technological capabilities, production capacity, quality control systems, pricing and overall service performance. For admitted suppliers, we conduct annual or quarterly performance reviews to ensure their continued compliance with our requirements. For suppliers that fail to meet our standards, such as encounter major incidents or breach contractual obligations, we implement an exit mechanism which includes transitional management and risk control measures to maintain supply continuity and minimize potential disruptions to our operations.

Major Suppliers

Our suppliers primarily consist of (1) wafer foundries and (2) packaging and testing service providers. During the Track Record Period and up to the Latest Practicable Date, there was no shortage in raw materials used by our partnered wafer foundries and packaging and testing service providers. In 2023, 2024 and 2025, purchases from our top five suppliers for each period during the Track Record Period accounted for 83.7%, 83.6% and 69.1% of our total purchase amount of such period, respectively, and the purchase from our largest supplier for each period during the Track Record Period accounted for 49.4%, 65.6% and 32.6% of our total purchase amount in the same periods, respectively. We typically settle payments with our top five suppliers by bank transfer.

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The following tables set forth the details of our top five suppliers in each year during the Track Record Period.

Supplier	Purchase amount (RMB in thousands)	Percentage of purchase contribution (%)	Commencement of collaboration	Primary payment term	Supplier background	Products and/or services purchased
For the year ended December 31, 2023						
Supplier A . . .	74,852	49.4%	2021	20% down payment, 80% within 30 days of receipt	A company located in Shanghai, primarily engaged in providing foundry services and technology solutions for 8-inch and 12-inch wafers.	Wafer and mask
Supplier B . . .	17,298	11.4%	2021	Prepayment	A company located in Singapore, primarily engaged in the wholesaling of electronic components.	Wafer and mask
Supplier C . . .	16,496	10.9%	2022	30 days	A company located in Shenzhen, Guangdong Province, primarily engaged in the research, development and sales of optoelectronic products and modules and electronic components.	Modules
Supplier D . . .	12,368	8.2%	2022	Prepayment	A company located in Shanwei, Guangdong Province, primarily engaged in the production and operation of PCBA modules, displays and modules and other consumer electronics.	Modules
Supplier E . . .	5,767	3.8%	2022	30 days	A company located in Ningbo, Zhejiang Province, primarily engaged in the design, manufacturing and sales of integrated circuits and electronic components.	Testing services
Total	126,781	83.7%				

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Supplier	Purchase amount (RMB in thousands)	Percentage of purchase contribution (%)	Commencement of collaboration	Primary payment term	Supplier background	Products and/or services purchased
For the year ended December 31, 2024						
Supplier A . . .	122,465	65.6%	2021	20% down payment, 80% within 30 days of receipt	A company located in Shanghai, primarily engaged in providing foundry services and technology solutions for 8-inch and 12-inch wafers.	Wafer and mask
Supplier D . . .	13,018	7.0%	2022	Prepayment	A company located in Shanwei, Guangdong Province, primarily engaged in the production and operation of PCBA modules, displays and modules and other consumer electronics.	Modules
Supplier E . . .	7,925	4.2%	2022	30 days	A company located in Ningbo, Zhejiang Province, primarily engaged in the design, manufacturing and sales of integrated circuits and electronic components.	Testing services
Supplier C . . .	6,321	3.4%	2022	30 days	A company located in Shenzhen, Guangdong Province, primarily engaged in the research, development and sales of optoelectronic products and modules and electronic components.	Modules
Supplier B . . .	6,316	3.4%	2021	Prepayment	A company located in Singapore, primarily engaged in the wholesaling of electronic components.	Wafer and mask
Total	156,045	83.6%				

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Supplier	Purchase amount (RMB in thousands)	Percentage of purchase contribution (%)	Commencement of collaboration	Primary payment term	Supplier background	Products and/or services purchased
For the year ended December 31, 2025						
Supplier A . . .	114,224	32.6%	2021	20% down payment, 80% within 30 days of receipt	A company located in Shanghai, primarily engaged in providing foundry services and technology solutions for 8-inch and 12-inch wafers.	Wafer and mask
Supplier F . . .	41,479	11.8%	2025	15 days	A company located in Dongguan, Guangdong Province, primarily engaged in the manufacturing of printed circuit board assembly.	Wafer
Supplier D . . .	39,293	11.2%	2022	Prepayment	A company located in Shanwei, Guangdong Province, primarily engaged in the production and operation of PCBA modules, displays and modules and other consumer electronics.	Modules
Supplier G . . .	27,790	7.9%	2024	50% prepayment and remaining 50% before delivery	A company located in Hefei, Anhui Province, primarily engaged in providing 12-inch wafers, display driver chips, CMOS image sensors and power management chips.	Wafer and mask
Supplier H . . .	19,564	5.6%	2025	Prepayment	A company located in Shenzhen, Guangdong Province, primarily engaged in the R&D and sales of AI, robotics and IoT products and software, and wireless communication technologies.	Modules
Total	242,350	69.1%				

To the best of our knowledge, all of our five largest suppliers in each year or period during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year during the Track Record Period.

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Our Relationship with Supplier A

During the Track Record Period, we primarily procured wafers and mask from Supplier A. Supplier A primarily engage in the provision of foundry services and technology solutions. We started business collaboration with Supplier A in 2021. According to F&S, it is commonly seen and in line with industry practice for chip design companies to rely on a limited number of foundry partners for procurement of most of the wafers.

In 2023, 2024 and 2025, our purchases from Supplier A amounted to RMB74.9 million, RMB122.5 million and RMB114.2 million, representing 49.4%, 65.6% and 32.6% of our total purchase amount in the same respective periods. During the Track Record Period, the increase in the absolute value of our purchase amount from Supplier A was primarily driven by the growth in our sales of products. As we source a significant portion of foundry-manufactured wafers from Supplier A, if our relationship with Supplier A is terminated, interrupted or modified in any way adverse to us, there may be material interruptions to our operations and business. See “Risk Factors—Risks Relating to Our Business and Industry—We partner with third-party wafer foundries and packaging and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.”

We have expanded our procurement network to include other wafer manufacturers to ensure the stability and flexibility of our wafer supply capacity. We have been collaborating with other wafer manufacturers that possess the necessary manufacturing technology and production capacity to meet our technical and quality requirements. As of the Latest Practicable Date, we had established stable relationships with eight major wafer foundries and 13 packaging and testing suppliers, enabling production capacity stability and cost competitiveness and advancing localization of our chip supply chain. These manufacturers have demonstrated the ability to meet industry standards and our operational needs, manufacturing capacity and product quality requirements under reasonable commercial terms. We understand there are additional alternative suppliers with the technical knowledge to produce products as currently supplied by Supplier A with certain variations in prices and specifications to achieve similar functions under reasonable commercial terms.

Our Directors are of the view that our relationship with Supplier A is unlikely to materially adversely change or terminate, because (1) we have maintained a long-term and stable collaboration relationship with Supplier A, and (2) during the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with Supplier A.

Principal Terms of Agreements with Major Suppliers

We typically enter into framework agreements with our major suppliers, such as our foundries and packaging and testing partners, and subsequently place individual purchase orders or processing orders on a case-by-case basis. For other suppliers, we generally engage with them through standalone purchase orders. The following is a summary of the salient terms of our arrangements with suppliers.

- **Term.** The term of our framework agreements, particularly for wafers and services like packaging and testing, is typically around three to eight years. For standalone purchase orders, the effective term is generally one year.
- **Pricing.** Our framework agreements generally do not stipulate fixed unit prices. The specific quantity and price for products or services are determined and set out in separate purchase orders or quotations, which allows for flexibility based on market conditions and specific product requirements.
- **Payments.** The purchase orders set out specific payment terms depending on the type of products and/or services to be procured. Payment terms are specified in individual purchase orders and vary depending on the supplier and the nature of the procurement. Our payment terms may include payment in advance, a deposit with the balance settled upon delivery or monthly settlement with a credit period.

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- ***Principal obligations.*** Our suppliers are responsible for the timely delivery of products or services and for ensuring that their quality complies with our mutually agreed-upon technical specifications and quality assurance agreements. Suppliers are liable for defects resulting from their materials or workmanship. In our agreements, we specify detailed acceptance criteria and quality standards.

Our Directors confirm that we had not experienced any material fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

Product Quality and Standards

Product quality is critical to our sustainable success, and we have placed great emphasis on quality assurance. We have designed and implemented stringent monitoring and quality control systems to manage our operations. We have established a dedicated quality control department within our organization to manage our quality control system, ensure the quality of our suppliers, customers and R&D activities and oversee the reliability and failure analysis of our products.

Our internal quality control system is based on ISO 9001 standard for quality management systems, ISO 4001 for environmental management systems and ISO 26262 ASIL D for road vehicles functional safety. Our quality control system encompasses critical aspects of our operations, such as our product design and development, procurement and production, and incorporates a series of key industry standards:

- ***Product design and development.*** With respect to our product design and development, we implement control procedures on project objectives, evaluations and modifications during the R&D process, and we set forth product and quality targets to evaluate the performance of our key outputs, to ensure our product meet our target and customer satisfaction.
- ***Procurement and production.*** We implement a rigorous process for selecting, evaluating, and monitoring external suppliers to ensure they meet our stringent quality standards. In production, which is conducted through outsourced partners, we enforce detailed control measures including process validation, product identification and traceability, and comprehensive inspection and testing activities. We also ensure proper handling and protection of products throughout the production and delivery stages to maintain conformity with requirements.

Product Warranty and Returns

Our warranty term is usually 12 months, and covers quality-related issues arising during the warranty period under normal use. To ensure accountability across our supply chain, our agreements with key suppliers mandate that they bear full financial responsibility for all warranted failures attributable to their materials or components, including the relevant after-sales service costs and any consequential damages we incur. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or services without extra charge. After the warranty period expires, we may provide maintenance and repair services at a reasonable cost. For details of our product return and exchange policies with distributors, see “—Sales and Marketing—Our Sales Arrangements—Sales through Distributors.”

During the Track Record Period and up to the Latest Practicable Date, (1) we had not received any material complaints relating to product quality; (2) we had not experienced any material product returns, refunds or recalls; and (3) we had not been involved in any material incidents or been subject to any material claims, proceedings or liabilities concerning safety issues of our products.

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INVENTORY AND LOGISTICS

Our inventory consists of raw materials, work-in-progress items and finished goods. We operate one leased warehouse at our Shenzhen office, which is used primarily for storing engineering samples and certain finished goods. Additionally, we utilize factory-managed warehouses at our supplier sites for the storage of our raw materials, work-in-progress items and mass-produced finished goods. We retain the title to our inventories through explicit contractual agreements, which also define the supplier’s obligations and liability for any loss or damage. We also maintain operational control via real-time remote monitoring of our inventory level and strict authorization procedures for all inventory movements. We regularly evaluate our stock with reference to historical production and sales data, sales forecasts and market conditions. To ensure supply stability, we typically maintain a safety inventory level of finished goods of one to one and half months for our consumer electronics products, and two months for our automotive-grade products, respectively. Our safety inventory level of finished goods is also adjustable subject to actual supply situation and future sales prediction.

We established standardized logistics procedures for domestic delivery, involving order verification through our system and shipment tracking, and we engage established logistics providers to ensure safe and timely delivery to customers. We partner with qualified third-party logistics providers for overseas procurement and delivery and the related customs clearance. We enforce rigorous transportation standards and consistently evaluate their performance to ensure efficient and reliable product delivery. We also purchase transportation insurance that covers the delivery of our products. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

PATH TO PROFITABILITY

We are still at the relatively early stage of the commercialization of certain of our major products. For instance, the mass production of most of our major product series began in or after 2022. We achieved continuous revenue growth as we successfully developed and launched new products during the Track Record Period. Our proactive endeavors in product commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our revenue amounted to RMB150.1 million, RMB244.1 million and RMB346.4 million in 2023, 2024 and 2025, respectively, with a CAGR of 51.9% from 2023 to 2025. We are a provider of edge AI chip products, ranked first globally in the scaler industry and the ASIC scaler industry, as measured by shipment volume, in 2025. According to the F&S Report, our latest automotive-grade TMCU maintains a leading position in specifications and performance for sensing and compute control in China. Our TMCUs have been deployed in multiple mass-produced vehicle models of mainstream automotive OEMs and have been recognized by the global automotive industry.

We recorded accumulated loss of RMB248.3 million as of January 1, 2023, primarily because (1) we had not achieved large-scale commercialization for some of our products during the early stage of our operations, such as AI Scaler. We achieved commercialization of our touch ICs in 2021 and our AI Scaler in 2022, while certain other products were still under development and in the process of commercialization; and (2) since our inception in 2018, we have made significant upfront investments in research and development, which involved substantial expenditures on research, testing and validation prior to mass production, as well as continuous investments in R&D personnel, primarily to attract and retain core professional and technical talent. Our adjusted loss for the year (non-IFRS measure), which represents our net losses as adjusted by (1) equity-settled share-based payments, and (2) [REDACTED], was RMB[REDACTED] million, RMB[REDACTED] million and RMB[REDACTED] million in 2023, 2024 and 2025, respectively, primarily due to (1) our relatively small business scale as a company with short operating history and limited commercialization in which we achieved the mass production of most of our major product series began in or after 2022, which led to lower operating leverage; and (2) the significant investments in our R&D efforts, which led to research and development expenses of RMB124.7 million, RMB86.8 million and RMB93.5 million for the same respective periods. We recorded loss for the year of RMB153.4 million, RMB80.8 million and RMB94.5 million in 2023, 2024 and 2025, respectively, primarily as a result of the combination of the aforementioned factors.

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The following table illustrates the key outcomes of our R&D investments since our inception in 2018:

Year	Milestone
2021	We achieved mass production of our wearable touch ICs and SAR sensors.
2022	We achieved mass production of our full-range (high-, mid-, and low-end) layout of the AI Scaler series. We were certified under the TÜV Rheinland ISO 26262 ASIL-D automotive-grade functional safety process system certification.
2023	We achieved mass production of our automotive-grade general-purpose MCUs which were certified under ASIL-B functional safety certification.
2024	We achieved mass production of our automotive-grade TMCUs which were certified under ASIL-B functional safety certification.
2025	We achieved mass production of our first SCCU. We achieved mass production of our HoD solution, as the first and only chip supplier in the PRC. We successfully upgraded our TÜV Rheinland ISO 26262 functional safety certification from L2 to L3. We expanded our business to embodied intelligence business.

We intend to take the following initiatives to enhance our profitability and achieve sustainable business growth.

Driving Our Revenue Growth

We expect to drive our revenue growth through the following major measures:

- We intend to deepen our relationship with existing customer and further diversify our customer base. Strengthening our relationships with existing customers is a cornerstone of our revenue growth strategy. By capitalizing on established relationships, we can efficiently introduce different or new products to our loyal customer base, driving revenue growth while avoiding the additional expenses and time required to attract new customers. In particular, we have established a close partnership with Customer A since 2020 and our revenue derived from Customer A amounted to RMB86.9 million, RMB162.3 million and RMB114.7 million in 2023, 2024 and 2025, respectively. Our well-established and stable relationship with Customer A provides a robust and reliable foundation for our business. Simultaneously, we are prudently diversifying our customer base by penetrating new markets and industries, which are designed to broaden our market presence and mitigate customer concentration risk for sustainable long-term growth. As of December 31, 2023, 2024 and 2025, we had 46, 35 and 160 direct sales customers, respectively, among which 37, 25 and 147 are our new direct sales customers, respectively and we had 16, 37 and 42 distributors, respectively, among which 11, 26 and 25 are our new distributors, respectively.
- We intend to further deepen the penetration and adoption of our products and enlarge our market share in the downstream markets. We consistently pursue strategic partnerships with industry-leading clients, covering a wide range of top-tier flagship customers. We have entered the supply chains of the nine out of ten leading automotive OEMs in China in terms of sales volume in 2025, according to the F&S Report, and collaborated with multiple leading global consumer electronics brands. Collaborations with these reputable companies not only validate our technological capabilities but also help strengthen our brand influence and attract a broader customer base. We will continue to collaborate closely with these customers and precisely address their demand through co-development, technology exchanges and other initiatives that promote synergistic partnership, and increase the adoption and procurement of our edge AI chip products in their downstream products.

We aim to upgrade the features of our products to capture opportunities in application scenarios with more advanced technical requirements. For example, we intend to launch our next-generation STDI chips, which are expected to deliver enhanced performance, lower

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power consumption and improved compatibility with advanced display specifications as compared with our existing STDI chip. While our existing STDI chip products have primarily been used in mainstream touch and display applications, these upgraded chips are expected to enable us to further expand into more advanced application scenarios, including high-refresh-rate smartphones and smart cockpit display panels, meet the needs of high-value customers such as (1) leading system integrators and brand owners in the consumer electronics industry, and (2) leading Tier 1 suppliers and automotive OEMs in the automotive industry, and thereby increase the adoption of our products in downstream markets.

We also expect to promote the adoption of our products in overseas markets along with the overseas expansion initiatives of our customers. For instance, for our display chip products such as AI Scaler, we typically provide our AI Scaler to system integrators based in China, who then sell partial of the products incorporating our AI Scaler to markets outside China. As these customers continue to expand their overseas sales channels and shipment volumes, our AI Scaler is increasingly being adopted in overseas markets. For our sensing-control chip products, we expect to enter into high-potential overseas markets, such as Europe, along with the overseas expansion initiatives of our customers in the automotive industry. According to the F&S Report, along with the development of the automotive industry and the rising penetration of NEVs in Europe, the European automotive-grade MCU market is highly concentrated, with approximately six leading international semiconductor manufacturers collectively accounting for over 95% of the market share in 2025. However, we do not foresee material impediments specific to Chinese market participants entering the European market, as our European expansion is closely aligned with existing customer relationships and project needs, rather than direct competition with incumbent European suppliers in saturated segments. In addition, we plan to expand our global operations headquarter and international capital management center in Hong Kong and intend to actively pursue strategic partnerships with leading companies across East Asia to reinforce our globalization strategy. For details, see “—Our Growth Strategies” and “Future Plans and Use of [REDACTED]—Use of [REDACTED].”

- We intend to pursue growth opportunities with products of strong benefits and advanced features, including through the launch of innovative new products. During the Track Record Period, we demonstrated our ability to translate product innovation into revenue growth through the launch and commercialization of our SCCUs in 2025, which contributed to the significant increase in revenue from our sensing-control chip products from RMB6.4 million in 2024 to RMB82.2 million in 2025. Furthermore, with the rising penetration of smart cockpits, autonomous driving and body-control systems, the global market size of automotive-grade MCUs is expected to grow at a CAGR of 13.6% from 2026 to 2030, reaching approximately RMB68.2 billion in 2030, according to the F&S Report. We expect the strong momentum of our SCCUs will continue to drive our revenue growth.

In the future, we plan to further launch AMOLED touch ICs, a new subcategory of our touch ICs which enable touch-input detection for AMOLED display panels, and audio drivers, which are used as audio power amplifier chips in automotive applications. For AMOLED touch ICs, we plan to complete the development of core IPs and key technologies for AMOLED touch applications in 2026, followed by the development and planned mass production of AMOLED touch ICs supporting flexible AMOLED displays in 2027. For audio drivers, we plan to develop automotive audio driver, and expect to achieve mass production in 2026. AMOLED touch ICs and automotive audio drivers target the high-end display and automotive markets, respectively. Leveraging our established technological expertise in display and audio signal processing, we are able to develop these products with relatively high R&D efficiency. In addition, the higher technical complexity of such products generally supports higher average selling prices, which in turn contributes to margin improvement. According to the F&S Report, supported by the increasing adoption of high-end displays, the continuous evolution of video interface standards and the growing maturity of the terminal repair ecosystem, the global scaler shipments are expected to reach 498.0 million units in 2030, at a CAGR of 16.3% from 2026 to 2030. More specifically, the market share of ASIC-scaler is expected to rise rapidly from 37.6% in 2025 to 45.7% in 2030, due to their advantages in energy efficiency, stability and cost.

- We intend to expand the application of our products into emerging markets such as robotics and AI-powered smart terminals. We are developing general-purpose MCUs that enable robotic

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motion control and in-vehicle AI interactive hardware terminal with integrated display and motion control capabilities. Our MCU products are currently being adapted for the motion control system by a few leading Chinese embodied robot companies. For example, our general-purpose MCUs have been applied in inertial navigation modules of humanoid robots, where they are used to control and monitor positional changes of different parts of the robot, supporting coordinated and stable movement. In addition, we are evaluating and conducting R&D for several embodied intelligence products and related modules. These include dexterous hand multi-modal sensing modules, in which our TMCUs are integrated into robotic dexterous hands to enable tactile sensing capabilities, allowing robots to detect touch and better interact with objects. We are also developing in-vehicle AI robots with our customers, which integrate our TMCUs to enable sensing, processing and control functions of such in-vehicle AI robots. These applications and projects represent our initial commercial validation and technical collaboration in the robotics and AI-powered smart terminal markets.

We incurred RMB10.3 million of R&D expenses in 2025 related to the development of robotics and AI-powered smart terminal applications. With respect to commercialization progress, our general-purpose MCUs used in inertial navigation modules have entered mass production and shipment, and are expected to begin generating revenue in 2026. In parallel, we have established collaboration with domestic embodied intelligence robotics companies in relation to our TMCUs for dexterous hand multi-modal sensing modules, and expect to commence product sampling and subsequent mass production in 2027. For our TMCUs used in in-vehicle AI robots, as of the Latest Practicable Date, we were still in the early R&D stage. According to the F&S Report, demand for display chips and sensing-control chips will increase as a result of rising terminal device shipments and higher chip usage per device. According to the same source, (1) the market size of the global robot industry is expected to increase from RMB579.0 billion in 2025 to RMB976.9 billion by 2030, driven by the development of AI technologies and diversified sensing capabilities; and (2) the global shipment of major AI-powered smart terminals, consisting of AI smartphones, AI earphones, AI-powered AR/VR devices and smart vehicles, is expected to increase from 301.6 million units in 2025 to 1,439.0 million units in 2030, driven by the accelerated integration of on-device AI models, dedicated AI chips and intelligent interaction features across smart terminals.

Improving Our Gross Margin

Our gross profit margin of different product lines fluctuated during the Track Record Period, due in part to our direct materials costs, which were subject to supply chain changes. We are also subject to gross margin fluctuations due to the relatively small scale of our commercialization and sales, as our cost level and gross margin could be more volatile when we have relatively low sales volume. Going forward, we intend to drive sales volume of our products through aforementioned various initiatives, including the launch of next-generation products such as our next-generation STDI chips, which can address more advanced application scenarios and expand the adoption of our products in downstream markets. As our sales volume of our products increases, we expect to achieve greater economies of scale, enhance our cost absorption capability and improve the stability of our gross profit margin. We intend to build a more stable, resilient and diversified supply chain to enhance our cost control. During the Track Record Period, we primarily procured wafers and masks from Supplier A. Our purchase amount from Supplier A amounted to RMB74.9 million, RMB122.5 million and RMB114.2 million in 2023, 2024 and 2025, respectively. We have commenced our business collaboration with Supplier A since 2021. Going forward, we intend to (1) diversify our product portfolio and acquire more high-value customers to optimize our product mix. High-value customers refer to customers with (1) high industry visibility, (2) a relatively large procurement scale, and (3) products that are applied in more technically demanding or sophisticated application scenarios, such as leading system integrators and brand owners in the consumer electronics industry, and Tier 1 suppliers and automotive OEMs in the automotive industry. High-value customers tend to place greater emphasis on product performance, reliability and technical support, and make purchasing decisions based on overall solution value; (2) along with our business expansion, broaden, diversify and optimize our supply chain sources to retain other suppliers that can meet our needs in an efficient and satisfactory manner, and balance our reliance on certain major suppliers; and (3) maintain and strengthen our relationship with our existing suppliers to secure more favorable terms, including pricing term, and anchor stable production capacity. We have already established long collaborations with a number of leading wafer foundries, and packaging and testing service providers. As of the Latest Practicable Date, we had established stable relationships with eight major wafer foundries and 13

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packaging and testing suppliers, enabling production capacity stability and cost competitiveness and advancing localization of our chip supply chain. We expect that we can obtain greater bargaining power in the course of our supply chain management along with our expanded operating scale and enhanced market position, such as with our costs for wafers, where we have secured discounts from certain suppliers with our increased purchase volume of wafers, which in turn lowers the unit cost for us.

Moreover, we expect to further improve the manufacturing techniques in respect of our products, as well as our engineering capabilities, to achieve enhanced manufacturing efficiency and optimization of our cost structure. In the past, we have enhanced our manufacturing techniques and engineering capabilities through collaboration with our suppliers, such as packaging and testing service providers. For instance, our chip engineers work closely with the technical teams of packaging service providers, to resolve issues with packaging and ensure the efficiency of the packaging process. Going forward, we plan to continuously optimize packaging processes, improve yield rates, shorten testing cycles, and dilute unit manufacturing costs through deep cooperation with packaging and testing service providers. With respect to the packaging process, process optimization and efficiency improvements are implemented on a standardized basis across factories and production lines, and are generally applicable to all of our products. With respect to the testing process, we adopt product-specific cost-reduction measures based on the characteristics of different products. These measures include test program optimization, streamlining of test items, increasing parallel testing capacity, and the use of advanced testing equipment, which together enable differentiated cost optimization. We expect to continue strengthening our capabilities across these manufacturing and testing procedures, thereby further improving operating efficiency and supporting sustainable cost control.

Enhancing Operating Efficiency

We believe that we have implemented effective management of our operating expenses in the past and we expect to continue to maintain and further enhance our operating efficiency and keep our operating expenses at a reasonable level commensurate with the needs of our business expansion.

In 2023, 2024 and 2025, our research and development expenses were RMB124.7 million, RMB86.8 million and RMB93.5 million, respectively, representing 83.1%, 35.6% and 27.0% of our revenue for the same periods, respectively. The average revenue of our R&D personnel increased from RMB1.4 million in 2023 to RMB4.1 million in 2025, which was generally in line with the advancement of the commercialization progress of our products. While R&D is the pillar of our competitive advantages and we expect to continue to devote significant resources to our R&D efforts, we also intend to focus on elevating the efficiency of our R&D activities and retaining a productive and outcome-oriented R&D team, to ensure that our R&D investment contributes to our business and commercial success. At the early stage of our R&D, we made significant upfront investments to build our integrated technology platforms including our *Sparrow* SoC Platform, sensor fusion technology and *Cheetah* Software Platform, which form the backbone of our product development and commercialization, enabling our later R&D work to efficiently leverage established architectures, reusable IPs and development tool-chains. We will also leverage our existing core technologies such as image and video processing, sensing, control and system integration capabilities, to expand into new application scenarios such as robotics and AI-powered smart terminals. While our research and development expenses are expected to remain at a relatively high level to support product iterations, technology upgrades and expansion into new application scenarios, we believe that the efficiency and effectiveness of our R&D activities will continue to improve over time, as incremental development can be achieved with lower marginal costs and shorter development cycles compared to our initial development stage.

In 2023, 2024 and 2025, our administrative expenses amounted to RMB43.3 million, RMB45.8 million and RMB54.6 million, respectively, representing 28.8%, 18.7% and 15.8% of our revenue for the same respective periods. Although the absolute amount of our administrative expenses increased during the Track Record Period, as our business scale expanded, the percentage of our administrative expenses of our revenue continued to decrease, from 28.8% in 2023 to 18.7% in 2024, and further to 15.8% in 2025. This decreasing trend reflects improvements in our operational efficiency, which was supported by our adoption of system-based office and management tools that enhanced internal workflow efficiency and reduced manual administrative processes. We intend to continually improve our management of operating expenses through detailed budget management and performance monitoring and expect to maintain streamlined management team and general operations team and implement stringent control of relevant expenditures.

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In 2023, 2024 and 2025, our selling and distribution expenses amounted to RMB28.4 million, RMB26.8 million and RMB27.9 million, respectively, representing 18.9%, 11.0% and 8.1% of our revenue for the same respective periods. The percentage of our selling and distribution expenses of our revenue continued to decrease, from 18.9% in 2023 to 11.0% in 2024, and further to 8.1% in 2025. We expect that we will remain able to keep our selling and distribution expenses at a relatively low level, by virtue of the enhanced market recognition of our products and brand, the close collaboration and solid relationship with our customers and the robust downstream demand of our products.

EMPLOYEES

As of December 31, 2025, we had a total of 167 full-time employees, all of whom are based in China. Our employees are located across our offices in Shenzhen, Shanghai, Hefei, Chengdu and Beijing, with the majority based at our headquarters in Shenzhen. Approximately 33% of our employees held a master’s degree or above as of the same date.

	Number of employees
Research and development	84
General administration and management	39
Sales and technology support staff	36
Procurement and others	8
Total	167

Our success deeply rests with our ability to attract, retain and motivate qualified talents, with the belief that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit talents, with high standards and rigorous procedures and through various methods, including online recruitment, internal referrals and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to various talent demands. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonus and promotion. In addition, we provide training programs to our employees, including corporate-wide and department-specific training to improve their professional knowledge and management skills and keep abreast with market developments.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, non-compete arrangements and grounds for termination. In addition, we generally enter into standard confidentiality agreements with our key employees. As required under PRC laws and regulations, we participate in and make contributions to social insurance and housing provident funds. During the Track Record Period, we failed to make social insurance and housing provident fund contributions for certain employees in full compliance with applicable PRC laws and regulations. See “Risk Factors—Risks Relating to Our General Operations and Industry—We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.”

None of our employees are represented by labor unions as of the Latest Practicable Date. We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations. In addition, we provide supplemental commercial insurance for our employees. Furthermore, we purchase additional commercial insurance from insurance companies for all of our employees, covering life insurance, critical illness insurance, accident insurance and medical insurance. For our automotive-grade chips, we have purchased a dedicated product liability insurance, which covers claim liability and recall liability.

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However, in line with general market practice, we do not maintain any business interruption insurance, which are not mandatory under PRC laws. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster could have a material adverse effect on our results of operations. For details, see “Risk Factors—Risks Relating to Our Business and Industry—The insurance coverage we have may not adequately protect us against all operating risks.”

PROPERTIES

As of the Latest Practicable Date, we operated our businesses through eight leased properties in cities including Shenzhen, Shanghai, Hefei, Chengdu and Beijing, with a total gross floor area of approximately 4,798.8 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as office premises for our business operations, with our headquarters located in Shenzhen. Our lease agreements in respect of the abovementioned eight leased properties generally have expiration dates ranging from August 2026 to September 2029. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of the Latest Practicable Date, we had not obtained lease registration for six of our leased properties in China, primarily due to the difficulty of procuring our lessors’ cooperation to register such leases. We will take all practicable and reasonable steps to ensure that such leases are registered. As advised by our PRC Legal Advisor, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements, according to applicable PRC laws and regulations as of the Latest Practicable Date. 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 had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. Our PRC Legal Advisor has advised us that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect.

The following table sets out a list of material licenses, permits and approvals held by us as of the Latest Practicable Date.

License/permit/approval	Holder	Grant date	Expiry date
High-tech Enterprise Certificate . . .	Our Company	October 16, 2023	October 15, 2026
High-tech Enterprise Certificate . . .	Shanghai Blue Whale	November 15, 2023	November 14, 2026

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The following table sets forth the major industry standards applicable to our products and the major requirements of our downstream industries, respectively. Our products satisfied the requirements of each of the corresponding industry standards. As of the Latest Practicable Date, there was no relevant industry standard applicable to our AI Scaler, STDI, touch IC and SCCU.

Products	Industry Standards Applicable to Our Products and Downstream Industries
TMCU	AEC-Q100, ISO 26262 ASIL-B
General-purpose MCU	AEC-Q100, ISO 26262 ASIL-B

AEC-Q100 is the Automotive Electronics Council Qualification Test for Integrated Circuits, one of the key quality certifications required before automotive-grade chips enter mass production. It is an automotive industry standard used to assess the reliability and durability of integrated circuits for in-vehicle applications. It sets out a suite of qualification tests to verify performance stability under extreme temperature, vibration and electrical stress.

ASIL-B, Automotive Safety Integrity Level B, is a risk classification system defined by the ISO 26262 standard for the functional safety of road vehicles. ASIL-B signifies a moderate safety requirement, meaning failures are not severe but demand structured development processes and safety mechanisms.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and Recognition	Awarding Parties	Year of Award
National-level Specialized, Refined, Distinctive and Innovative “Key Little Giant” Enterprise (專精特新重點“小巨人”企業)	Ministry of Industry and Information Technology	2025
Guangdong Provincial Engineering Technology Research Center for Smart Sensing and Computing Control Chip Design (廣東省智能感知與計算控制晶片設計-工程技術研究中心)	Department of Science and Technology of Guangdong Province (廣東省科學廳)	2025
Gazelle Enterprise (瞪羚企業)	Shenzhen Gazelle and Unicorn Enterprise Evaluation Committee (深圳市瞪羚獨角獸企業評價委員會)	2025
Green Channel Enterprise of Nanshan District, Shenzhen (深圳市南山區綠色通道企業)	Nanshan District People’s Government of Shenzhen (深圳市南山區政府)	2025
Annual Influential Automotive Chip Award (年度影響力汽車晶片獎)	China Automotive Chip Alliance & 21IC (中國汽車晶片聯盟與21IC)	2025
Scientific and Technological Achievement Certificate for “TMCU” product (“TMCU”產品獲國家工信部科學技術成果認證)	Ministry of Industry and Information Technology	2024
National High-Tech Enterprise (國家高新技術企業)	Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen, Shenzhen Tax Administration	2023
Shenzhen Top 100 High-Growth Enterprises (2nd Place) (深圳市高成長企業TOP100(第二名))	Shenzhen Enterprise Evaluation Association	2023
Venture50 (Venture50 榜單)	Zero2IPO	2023

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We have been and may from time to time continue to be, a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us

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or any of the Directors which could have a material and adverse effect on our financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings against us or any of the Directors which had caused a material and adverse effect on our business, results of operations or financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

U.S. Export Control

Although our Supplier A is subject to certain U.S. export control and economic sanctions restrictions, namely, that it has been listed on the U.S. BIS Entity List with a Footnote 5 designation and included on the U.S. DoD’s CMC List, our International Sanctions Advisor is of the view that the relevant transactions between us and Supplier A are neither prohibited nor restricted, as the wafers supplied by Supplier A are not subject to the EAR. In particular: (1) such wafers are fabricated in the PRC, are not located in the U.S., and are not of U.S. origin; (2) although certain U.S.-origin intellectual property is involved, such intellectual property is classified as EAR99 and does not constitute controlled content under the EAR; accordingly, the wafers do not incorporate U.S.-origin content in a manner that would trigger the de minimis rule; (3) no applicable Foreign Direct Product rules are triggered; and (4) such transactions do not involve any prohibited end-users or end-uses under applicable export control laws. Accordingly, the supply of such wafers does not give rise to U.S. export control licensing requirements or related transaction restrictions.

Other than Supplier A, none of our other suppliers are listed on any U.S. export control or sanctions lists. Our wafer procurement cooperation with other suppliers conducted on a similar basis is likewise not subject to U.S. export control restrictions. Moreover, none of our customers are listed on any U.S. export control or sanctions lists, and we have not exported our products directly to the United States or comprehensively sanctioned jurisdictions such as Iran, Cuba and North Korea. In January 2025, the BIS issued an interim final rule titled “Implementation of Additional Due Diligence Measures for Advanced Computing Integrated Circuits; Amendments and Clarifications; and Extension of Comment Period” (the “DD IFR”), which introduced enhanced due diligence and compliance requirements aimed at preventing customers of “front-end fabricators” and “OSAT” companies from circumventing export controls applicable to advanced computing integrated circuits through misrepresentations regarding the performance capabilities of IC designs. According to the DD IFR, unless the presumption is overcome pursuant to the conditions set forth therein, certain applicable advanced logic ICs, specifically those produced using the “16/14 nanometer node” or below, or those produced using a non-planar transistor architecture and destined for an item whose “aggregated approximated transistor count” exceeds the applicable thresholds specified in the DD IFR, will be presumed to be 3A090.a items designed or marketed for a data center. We consider the impact of the DD IFR on us is immaterial because (i) our products are manufactured using mature process nodes of 40nm and above, which do not meet the advanced process node threshold of 16/14nm or below, nor do they adopt any non-planar transistor architecture, and (ii) in practice, our wafer foundries and packaging and testing service providers have not imposed any more stringent compliance reviews, information disclosure requirements, or transaction restrictions on us as a result of the implementation of the DD IFR. While U.S. trade restriction policies have been evolving and, in certain respects, becoming more stringent, we have not experienced any disruptions or adverse effects on our upstream foundries and suppliers that would impair their ability to supply us. Similarly, we have not observed any reduction in or adjustment to procurement volumes by our customers attributable to the U.S. trade restriction measures. Even if material restrictions were to be imposed on our existing suppliers, we consider that our production needs can be met by multiple domestic suppliers, as we do not have any material reliance on any single supplier and have established a mature localization capability.

Based on the foregoing facts and the analysis of our International Sanctions Advisor, our Directors and Sponsor hold the view that our business activities do not violate U.S. export control laws and

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regulations, and that U.S. restrictions on the export of chips to China have not had a material adverse effect on our operations or financial condition.

U.S. Outbound Investment Rule

Our principal business consists of the design of integrated circuits. Under the OIR, we are regarded as engaging in a “covered activity” that falls within the “notifiable transaction” category. If so characterized, we would be deemed a “covered foreign person,” and any U.S. investment in us, including the acquisition of our non-public Shares in connection with the proposed [REDACTED], would be subject to notification requirements under the OIR. Notwithstanding the foregoing, the OIR sets forth specific exceptions applicable to certain categories of investments. In particular, passive investments in publicly traded securities, except to the extent that such investments confer rights beyond minority shareholder protections, are expressly excluded from the scope of “covered transactions”. Pursuant to 31 C.F.R. § 850.501(a)(1)(i), investments in publicly traded securities on both U.S. and non-U.S. exchanges constitute excepted transactions, provided that such investments do not afford U.S. persons rights beyond standard minority shareholder protections. Accordingly, the acquisition of our Shares in the [REDACTED] and [REDACTED] of our Shares after the [REDACTED] fall within such exception and are not subject to notification requirements under the OIR. Furthermore, the U.S. Department of the Treasury confirmed in its FAQs published on December 23, 2025 that so long as the equity interest is publicly traded at the time of acquisition, the timing of the relevant subscription agreement does not affect its qualification as a “publicly traded security.” This clarification confirms that subscription agreements entered into prior to the [REDACTED] may fall within the exception, provided that the relevant equity interests are publicly traded at the time of acquisition.

As U.S. persons are not prohibited from investing in the [REDACTED] and their notification duty does not apply to the trading of our Shares on the Stock Exchange after the completion of the [REDACTED], as well as the execution of the subscription agreement prior to the [REDACTED], our Directors and International Sanctions Advisor are of the view that the OIR does not have a material impact on our business or operations, nor adversely affect our suitability for [REDACTED].

DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process personal data. We believe that the confidentiality, integrity and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

We setup a comprehensive internal data protection framework which is designed to manage and control access to confidential information effectively. To this end, we have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties. Furthermore, our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality. We also implement stringent technical safeguards such as hardware-level encryption and the SM4 encryption protocol for internal data transmission, ensuring the confidentiality and integrity of sensitive information throughout its lifecycle.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we experience any material unauthorized use of customers’ or distributors’ personal information.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe the effective management of environmental, social and corporate governance (“ESG”) matters is important to our long-term success. In line with global sustainable development trends, we are

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committed to integrating material ESG considerations into our strategy, operations and risk-management processes. Our aim is to create sustainable value by promoting responsible growth, strengthening governance transparency, supporting a skilled and inclusive workforce, and minimizing our environmental impact. We believe that a disciplined ESG approach enhances our resilience, reinforces stakeholder confidence and contributes to positive, lasting outcomes for our business and the broader community.

ESG Governance

We have developed a structured ESG governance framework to ensure that ESG factors are fully embedded in our strategy, risk management and day-to-day operations. Our Board holds ultimate responsibility for overseeing ESG matters, conducts regular reviews of key material topics, evaluates potential business and financial implications and steers the company’s risk-response efforts, while also periodically examining ESG-related risks and opportunities and provides direction on appropriate response measures.

Our Board Directors possess professional management capabilities and risk prevention and control capabilities in ESG matters. Our Board identifies and analyzes ESG material topics by first determine the scope based on the guidelines such as the ESG regulatory guidelines of the Stock Exchange of Hong Kong Limited, combined with benchmarking analysis of practices of peer companies in the same industry. Our Board then ranks the topics through materiality assessment by distributing ESG material topic questionnaires to stakeholders. Finally, our Board establishes a materiality topic matrix by analyzing the survey results, in combination with expert judgments and risk identification and assessment by our various departments. Based on the results, our Board identifies topics which require attention.

As our business grows and regulatory expectations evolve, we continue to strengthen our governance structure. Going forward, we will further enhance Board and management oversight of ESG issues and refine our governance and implementation processes to reinforce overall sustainability management.

Environmental Protection

Due to our fabless business model, our operations do not involve operational production facilities or manufacturing links. Nevertheless, we still attach great importance to the potential environmental impacts of office operations and indirect business activities. We are committed to green and low-carbon operations, with the core goal of minimizing the impact of daily operations on the ecological environment and natural resources. Based on our business characteristics and operational conditions, historical operating data, future business expansion and management plans, and with reference to the environmental management practices of peer companies in the same industry, we have formulated environmental management goals for the next three years focusing on greenhouse gas emission management, energy use, and water resource utilization to promote long-term green development. Specific goals are as follows:

Type	Indicator	Year ended December 31,		
		2026	2027	2028
Emission Goals	Carbon dioxide emission intensity (tCO ₂ e/RMB10,000 of revenue)	8% reduction compared to 2024	12% reduction compared to 2024	18% reduction compared to 2024
Energy Use Goals . . .	Electricity consumption intensity (kWh/RMB10,000 of revenue)	6% reduction compared to 2024	9% reduction compared to 2024	13% reduction compared to 2024
Water Resource Utilization Goals . .	Water consumption intensity (tons/RMB10,000 of revenue)	5% reduction compared to 2024	7.5% reduction compared to 2024	12% reduction compared to 2024

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To achieve the above goals, we plan to promote implementation through the following measures: (1) install smart electricity and water meters in office areas to monitor energy and water consumption in real time; (2) formulate and implement standardized energy-saving systems to reduce unnecessary energy consumption; and (3) formulate green procurement standards and establish a green supplier list to cooperate with suppliers that meet environmental protection requirements for a long time.

Greenhouse Gas Emissions

The greenhouse gas emissions generated in our daily production and operations mainly come from: (i) energy consumption from purchased electricity used for our operations; (ii) indirect greenhouse gas emissions generated from various other business activities, such as waste paper treatment, sewage treatment, general operational waste disposal, and employees’ business air travel. In the future, we plan to further strengthen the data collection of Scope 3 greenhouse gas emissions and contribute to the country’s goal of achieving “carbon peaking and carbon neutrality.” Our greenhouse gas emissions in 2023, 2024 and 2025 are as follows:

Indicator	Unit	Year Ended December 31,		
		2023	2024	2025
Scope 1 Greenhouse Gas Emissions	tCO ₂ e	0.00	0.00	0.00
Scope 2 Greenhouse Gas Emissions – Purchased Electricity	tCO ₂ e	155.05	171.89	176.78
Scope 3 Greenhouse Gas Emissions – Category 5: Waste Generated from Operations	tCO ₂ e	28.74	21.83	15.06
Scope 3 Greenhouse Gas Emissions – Category 6: Business Travel	tCO ₂ e	–	47.77	73.30
Total Greenhouse Gas Emissions	tCO ₂ e	183.79	241.49	265.14
Greenhouse Gas Emission Intensity	tCO ₂ e/RMB10,000 of revenue	0.0122	0.0099	0.0077

- (1) The above indicators are calculated in accordance with relevant regulations such as *the Greenhouse Gas Protocol* (溫室氣體核算體系) and the IPCC Guidelines for National Greenhouse Gas Inventories. Scope 1 direct greenhouse gas emissions do not involve direct energy consumption due to our Company being a non-manufacturing enterprise and in combination with our actual operational conditions. Scope 3 Greenhouse Gas Emissions – Category 6: Business Travel only covers employees’ air business travel. Since our Huilianyì system was officially launched in 2024 to standardize internal data management, data records of employees’ business travel were established as a data book and calculated in 2024.

Comparing our environmental performance in 2024 with that of peer companies in the same industry during the same period, our environmental management practices are at a normal level among peer companies.

Addressing Climate Change

We have always paid attention to global and regional climate-related regulatory policies and attached importance to the potential impact of climate change on our daily operations, business development, and financial performance. In the daily operation and management process, combined with actual management links, we sort out the potential impacts of physical risks and transition risks on our development and formulates corresponding response methods.

BUSINESS

Physical risks include acute risks such as global warming and extreme weather events, and chronic risks such as high-temperature weather, that may increase our operating costs, additional investment in equipment maintenance and office premises maintenance, and rising insurance premiums. Transition risks include legal and policy risks, market risks, technology risks and reputation risks, that may increase operating costs, compliance costs, intensified market competition and customer loss, and ultimately adversely affect the competitiveness of our products. To mitigate these risks, we formulate internal emergency response plans, strengthen our management of cooling and heatstroke prevention work, and enhance energy conservation. Furthermore, we improve our employees’ compliance awareness, strengthen our screening of green and low-carbon supply chain, improve existing technology and strengthen public opinion monitoring and management to support regulatory compliance and long-term stability.

During the Track Record Period and up to the Latest Practicable Date, we did not incur a material cost of compliance with relevant environmental protection laws and regulations. Our Directors believe that our cost of compliance with the relevant environmental protection laws and regulations is not expected to be material going forward.

Social Responsibility

Employee Rights and Benefits

We have built a comprehensive benefits system to support the health and well-being of our employees. We provide a range of additional welfare programs such as holiday allowances and team-building subsidies. For compensation, we have adopted a structured incentive framework that incorporates performance bonuses, position-based allowances and long-term incentive plans. This approach helps maintain a fair, transparent and competitive remuneration system that balances market competitiveness with internal motivation. As our operations are primarily office based, overall workplace risks are low. We have established comprehensive safety measures to fully comply with occupational health and safety requirements.

We also place significant importance on employee development and career advancement through a structured training system that includes onboarding programs, skills enhancement, professional training and leadership development. In addition, we foster diversity and inclusion by upholding fair and transparent recruitment practices.

Supply Chain Management

We have put in place comprehensive policies and procedures to support the development of a sustainable supply chain, such as Supplier Management System, Procurement Control Procedure and Procurement Application Guidelines and Instructions. We conduct supplier evaluations and involve due diligence through document reviews, assessing qualifications, financial stability, technical capacity and overall reputation. In terms of business ethics, we have implemented an anti-bribery compliance system that mandates suppliers to sign an integrity agreement, strictly prohibiting bribery, kickbacks or improper benefits. We also maintain an independent reporting channel, and any substantiated misconduct leads to immediate termination of cooperation and potential legal action, thereby reinforcing the effectiveness and accountability of our integrity management framework.

We classify our suppliers into five levels based on factors such as technical capabilities, quality level, delivery cycle, price competitiveness and service response. We formulate differentiated access standards for different types of suppliers to ensure that supplier capabilities match our business needs. We conduct inspections on the supplier’s financial status and production capacity, and organize an evaluation team to assess the supplier’s technical capabilities through online or on-site audits. For suppliers applicable to sample testing, small-batch IP or material verification is carried out to confirm that product performance meets standards.

We integrate the concept of sustainable development into the full-process management of the supply chain and build a green supply chain management system covering upstream procurement and downstream collaboration. We prioritize the procurement of safe, environmentally friendly and sustainable raw materials and products that meet environmental standards to reduce potential environmental negative impacts of the supply chain from the source. We incorporate energy efficiency indicators into procurement technical specifications and gives priority to electrical equipment certified by authoritative energy efficiency certifications such as Energy Star to effectively reduce energy

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consumption during the operation phase. Furthermore, we pay attention to and urge downstream suppliers to adopt new energy transport vehicles, optimize transportation route planning, and jointly build a low-carbon, efficient, and sustainable supply chain collaboration network.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality. As advised by our PRC Legal Advisor and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable health, work safety and environmental laws and regulations in all material respects.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. We have adopted internal rules and policies governing various aspects of our business operations and management, such as our sales practices, research and development, procurement, production, information system, legal compliance, financial reporting and human resources.

We have engaged an independent internal control consultant to review our risk management and perform an initial review in September 2025 in selected areas of our internal controls, including, among others, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, research and development, information technology general controls and compliance management, inventory management (including logistics), human resources and compensation management, fixed assets, and intangible assets and intellectual property management. Our internal control consultant put forward recommendations based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our remedial measures in November 2025 and did not identify any material deficiency in our internal control system. Having considered the report prepared by our internal control consultant, our Directors confirmed that all of the major recommendations provided by the internal control consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

We have appointed Rainbow Capital (HK) Limited as our external compliance advisor with effect from the date of the [REDACTED] to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the ordinary course of our business operations. Key operational risks faced by us include, among others, our ability to respond to technological changes, competition in the relevant industries, our ability to retain and grow our customer base and usage, our ability to enhance or upgrade our existing products and introduce new ones, our ability to maintain and expand our sales and distribution network and our ability to successfully expand to and develop market recognition in various industry sectors. See “Risk Factors” for disclosures on various risks we face. In addition, we also face certain market risks, such as foreign currency risks, credit risk and liquidity risk related to our financials. See “Financial Information—Quantitative and Qualitative Disclosure of Market Risks” for details. We have implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See “Directors and Senior Management—Board Committees—Audit Committee” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. Chen and Ms. Wang, the spouse of Mr. Chen, collectively controlled 61.29% of the voting power at the general meetings of our Company, comprising (i) 16.28% beneficially owned by Mr. Chen directly, (ii) 14.13% beneficially owned by Ms. Wang directly, and (iii) 21.82%, 7.54%, 1.51% and 0.02% beneficially owned by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, respectively. The general partner of each of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform is Xichuang Technology, a holding company wholly owned by Mr. Chen and Ms. Wang. Upon the [REDACTED], Mr. Chen and Ms. Wang will collectively control [REDACTED]% of the voting power at the general meetings of our Company, comprising (i) [REDACTED]% beneficially owned by Mr. Chen directly, (ii) [REDACTED]% beneficially owned by Ms. Wang directly, and (iii) [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% beneficially owned by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform, respectively, assuming the [REDACTED] is not exercised. Therefore, Mr. Chen and Ms. Wang, together with Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform, Xichuang Lexin Shareholding Platform and Xichuang Technology, were the group of our Controlling Shareholders as of the Latest Practicable Date and will be the group of our Controlling Shareholders upon the [REDACTED].

COMPETITION

Members of the group of our Controlling Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE GROUP OF CONTROLLING SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [REDACTED], our Board will comprise of three executive Directors, one non-executive Director and three independent non-executive Directors. See “Directors and Senior Management” for more information.

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

- (1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (3) we have three independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Articles of Association and internal policies;
- (4) our daily management and operations are carried out by our senior management team. Except Mr. Chen himself, our senior management team members are independent from the group of our Controlling Shareholders, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the group of our Controlling Shareholders which would support our independent management. See “—Corporate Governance.”

Operation Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on the group of our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from the group of our Controlling Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors believe that we are capable of carrying on our business independently of the group of our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group’s accounting and finance functions are independent of the group of our Controlling Shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group’s major finance operations are handled by our financial management department, which operates independently from the group of our Controlling Shareholders and their close associates. We do not share any other functions or resources with any member of the group of our Controlling Shareholders or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from the group of our Controlling Shareholders or any of their respective close associates.

Based on the above, our Directors believe that our Group is able to operate with financial independence from the group of our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from the group of our Controlling Shareholders and safeguard the interest of our Shareholders, including:

- (1) where a Shareholders’ meeting is to be held for considering proposed transactions in which the group of our Controlling Shareholders or any of their close associates have a material interest, the group of our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (2) our Company has established internal control mechanism to identify connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;
- (3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company’s expense;
- (4) we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (5) we have established the audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;
- (6) the group of our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and
- (7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non- executive Directors either in its annual report or by way of announcements

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

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon the [REDACTED], the Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the day-to-day operations of the Company.

All of the Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

BOARD OF DIRECTORS

The following table sets forth certain information regarding the members of our Board.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Executive Directors						
Mr. Chen Xi (陳曦)	49	Executive Director, chairman of the Board and chief executive officer	August 31, 2018	August 31, 2018	Responsible for overall strategic planning and business management of our Group	N/A
Mr. Shi Guangtao (師廣濤)	36	Executive Director and deputy general manager	August 31, 2018	May 19, 2022	Responsible for the financing, capital operation and public relations affairs of our Group	N/A
Mr. Huang Zhiwen (黃志文)	50	Executive Director and deputy general manager	September 16, 2020	May 19, 2022	Responsible for the operational and backend management of our Group and overseeing the human resources, administrative management, legal and risk control affairs of our Group	N/A
Non-executive Director						
Ms. Zhao Wentao (趙文桃)	45	Non-executive Director	February 3, 2021	February 2, 2021	Responsible for strategic advice to our Board	N/A
Independent non-executive Directors						
Ms. Liang Yunxing (梁運星)	52	Independent Non-executive Director	November 5, 2025	October 29, 2025	Responsible for providing independent judgment and advice to the Board	N/A
Prof. Huang Hui (黃輝)	49	Independent Non-executive Director	November 5, 2025	October 29, 2025	Responsible for providing independent judgment and advice to the Board	N/A
Mr. Liu Zhixiang (劉志翔)	55	Independent Non-executive Director	November 5, 2025	October 29, 2025	Responsible for providing independent judgment and advice to the Board	N/A

Executive Directors

Mr. Chen Xi (陳曦), aged 49, has served as a Director, the chairman of the Board and the chief executive officer of our Group since its inception in August 2018 and was redesignated as an executive Director in November 2025. He is primarily responsible for overall strategic planning and business management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen is a serial entrepreneur with a strong technical background. Prior to joining our Group, from August 2015 to January 2018, Mr. Chen served as a managing partner of Beijing Heju Baichuan Investment Management Co., Ltd. (北京和聚百川投資管理有限公司), a company primarily engaged in investing high-tech companies in the PRC, where he was primarily responsible for the overall management of the company. From June 2008 to August 2015, Mr. Chen served as an investment director at Hony Capital (弘毅投資), a leading investment management firm, where he was primarily responsible for private equity investment in manufacturing and technology sectors. From October 2006 to May 2008, Mr. Chen served as an associate at Alvarez & Marsal (安邁顧問), a leading professional corporate services firm, where he was primarily responsible for management consulting services. From November 2000 to August 2003, Mr. Chen served as the general manager of Beijing Yike Oriental Technology Co., Ltd. (北京易科東方科技有限公司), a company primarily engaged in computer software development and technical consulting, where he was responsible for the overall management of the company. Prior to that, from August 1999 to August 2000, Mr. Chen started his career as the co-founder and chief technology officer of Beijing Yide Ark Information Technology Co., Ltd. (北京易得方舟信息技術有限公司), the operator of FanSo.com, a leading regional internet portal in the PRC at the time, and subsequently incubated Chinese Online Group Co., Ltd. (中文在線集團股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (stock code: 300364.SZ), where he was primarily responsible for research and development and engineering management of the company.

Mr. Chen was admitted to Tsinghua University (清華大學) in the PRC in 1993 as the top scorer of science in Guangxi during the National College Entrance Examination (Gaokao). Mr. Chen obtained three bachelor's degrees in automotive engineering, computer science and law from Tsinghua University in the PRC in July 1999. He further obtained an MBA degree in finance from University of California, Los Angeles in the United States in June 2005. He is also the director of Automotive Sensor and Control Chip Research Center in Research Institute of Tsinghua University in Shenzhen.

Mr. Shi Guangtao (師廣濤), aged 36, joined our Group in August 2018 as an assistant general manager. He has served as a deputy general manager since April 2021 and a Director since May 2022, and was redesignated as an executive Director in November 2025. He is primarily responsible for the financing, capital operation and public relations affairs of our Group.

Prior to joining our Group, from July 2015 to August 2018, Mr. Shi successively held the positions of assistant general manager and deputy general manager at Beijing Heju Baichuan Investment Management Co., Ltd. (北京和聚百川投資管理有限公司), a company mainly engaged in investment management business, where he was primarily responsible for daily operations, fund establishment and investment management of the company.

Mr. Shi obtained a master's degree in taxation from the Central University of Finance and Economics (中央財經大學) in the PRC in June 2015. During his master's studies, he was awarded the national government-sponsored study abroad qualification and enrolled in a joint training program at the University of East Anglia in the United Kingdom.

Mr. Huang Zhiwen (黃志文), aged 50, has served as a deputy general manager of our Company since September 2020 and a Director since May 2022. Mr. Huang was redesignated as an executive Director and was appointed as a joint company secretary in November 2025. He is primarily responsible for the operational and backend management of our Group and overseeing the human resources, administrative management, legal and risk control affairs of our Group.

Mr. Huang is a sophisticated entrepreneur with extensive experience in general corporate governance and administrative management. Prior to joining our Group, from September 2013 to August 2020, Mr. Huang served as the chief executive officer of Shenzhen Lansheng Tianxia International Travel Agency Co., Ltd. (深圳市攬勝天下國際旅行社有限公司), the operator of “Wo Qu Travel” (我趣旅行), a global cross-border travel platform, where he was responsible for the overall operation and management of the company. From April 2007 to September 2013, Mr. Huang served as the chief executive officer of Mangocity.com Limited (芒果網有限公司), an online tourism services platform, where he was primarily responsible for the overall operation and management of the company. Prior to that, from December 2003 to March 2007, Mr. Huang also served as a department assistant general manager at China Travel Service (Holdings) Hong Kong Limited (香港中旅(集團)有限公司), a state-owned tourism company, where he was responsible for the management of the finance department and general manager office of the company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang obtained a bachelor’s degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 1997. He further obtained a master’s degree in engineering from Xi’an Jiaotong University (西安交通大學) in the PRC in December 2005 and an executive master of business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2008.

Non-executive Director

Ms. Zhao Wentao (趙文桃), aged 45, has served as a Director since February 2021 and was redesignated as a non-executive Director in November 2025. She is primarily responsible for strategic advice to our Board.

Ms. Zhao has over 20 years of experience in financial and investment management. Since May 2017, she has served as the deputy general manager at Beijing Heju Baichuan Investment Management Co., Ltd. (北京和聚百川投資管理有限公司), a company primarily engaged in investment management, where she is responsible for financial management and funds operation. From September 2016 to May 2017, Ms. Zhao served as the chief financial officer at Beijing Hongtai Tongchuang Investment Management Co., Ltd. (北京洪泰同創投資管理有限公司), a company primarily engaged in investment management, where she was responsible for financial management and investment due diligence. From October 2015 to September 2016, she served as the group investment director at of the strategic investment department of Xintang Sichuang Education Technology Co., Ltd. (新唐思創教育科技有限公司), a subsidiary of TAL Education Group whose shares are listed on the New York Stock Exchange (ticker: XRS), where she was responsible for investment management of the company. From September 2008 to September 2015, Ms. Zhao served as a financial manager at Beijing Hony Yuanfang Investment Consulting Co., Ltd. (北京弘毅遠方投資顧問有限公司), a company primarily engaged in investment management, where she was responsible for funds operation and financial management. From July 2006 to August 2008, she served as an assistant finance supervisor at Ups Parcel Delivery (Guangdong) Co., Ltd. (優比速包裹運送(廣東)有限公司), a subsidiary of United Parcel Service, Inc. whose shares are listed on the New York Stock Exchange (ticker: UPS), where she was responsible for accounting and internal auditing matters. Prior to that, from September 2003 to November 2004, Ms. Zhao also served as an accountant at Tianjin Zhonghuan High-Tech Co., Ltd. (天津市中環高科技有限公司), a company primarily engaged in electronic device manufacturing, where she was responsible for accounting.

Ms Zhao obtained a bachelor’s degree in finance from Nankai University (南開大學) in the PRC in June 2003. She further obtained a master’s degree in management from Tsinghua University (清華大學) in the PRC in July 2019.

Independent Non-executive Directors

Ms. Liang Yunxing (梁運星), aged 52, has served as an independent non-executive Director since November 2025. She is primarily responsible for providing independent judgment and advice to the Board.

Ms. Liang has over 27 years of experience in accounting and financial management. From May 2015 to September 2022, she served as the chief risk officer at Shanghai Dajian Asset Management Co., Ltd. (上海大見資產管理有限公司), a company primarily engaged in asset management. From November 2012 to March 2015, she served as an executive director and the chief financial officer at Chinalco Mining Corporation International (中鋁礦業國際), a resource development company which was formerly listed on the Stock Exchange (stock code: 3668). Prior to that, Ms. Liang worked for over 14 years with China National Travel Service (HK) Group Corporation (中國旅遊集團有限公司) (“CTSG”), one of the major multinational state-owned enterprises in the PRC with headquarters in Hong Kong, and its subsidiaries from July 1998 to October 2012. During that period, from October 2006 to April 2009, Ms. Liang served as the general manager of the finance department of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company whose shares are listed on the Stock Exchange (stock code: 308) and the flagship subsidiary of CTSG in the travel industry. From May 2009 to October 2012, Ms. Liang served as a director and the chief financial officer of HKCTS (China) Investment Limited (港中旅(中國)投資有限公司), one of the largest tourism property developers in Chinese mainland focusing on developing large-scaled scenic spots, hotels, resorts, commercial properties and residential units.

From November 2020 to November 2024, Ms. Liang served as an independent non-executive director at Leading Holdings Group Limited, a real estate developer whose shares are listed on the Stock Exchange (stock code: 6999).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Liang obtained a bachelor’s degree in international accounting and a master’s degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1995 and July 1998 respectively. Ms. Liang is a member of the Chinese Institute of Certified Public Accountants (“CICPA”) (中國註冊會計師協會).

Prof. Huang Hui (黃輝), aged 49, has served as an independent non-executive Director since November 2025. He is primarily responsible for providing independent judgment and advice to the Board.

Prof. Huang was an associate professor from January 2010 to July 2014, and has been a professor in the Faculty of Law of the Chinese University of Hong Kong since August 2014. Prof. Huang is a member of expert committee to Shanghai Financial Court (上海金融法院). He is also an adjunct professor of Law at the University of New South Wales, a Li Ka Shing visiting professor in McGill Law School, a ‘Jingtian Scholar’ distinguished professor at East China University of Political Science and Law (華東政法大學), and a guest professor at China University of Political Science and Law (中國政法大學). He serves as an arbitrator for the Kuala Lumpur Regional Centre for Arbitration, the Shenzhen Court of International Arbitration (深圳國際仲裁院) and the Shanghai International Economic and Trade Arbitration Commission (上海國際經濟貿易仲裁委員會).

Since April 2024, Prof. Huang has served as an independent non-executive director of Mao Geping Cosmetics Co., Ltd. (毛戈平化妝品股份有限公司), whose shares are listed on the Stock Exchange (stock code: 01318). From October 2018 to August 2025, Prof. Huang served as an independent non-executive director of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company whose shares are listed on the Stock Exchange (stock code: 308).

Prof. Huang obtained his bachelor’s degree in engineering in June 1998 and bachelor’s degree in law in July 1999 and his master’s degree in law in December 2001, all from Tsinghua University (清華大學) in the PRC. Prof. Huang obtained a doctorate degree in law from the University of New South Wales in Australia in December 2005.

Mr. Liu Zhixiang (劉志翔), aged 55, has served as an independent non-executive Director since November 2025. He is primarily responsible for providing independent judgment and advice to the Board.

Mr. Liu has over 25 years of experience in chip industry. In May 2017, Mr. Liu founded Shenzhen Tsingbay Technology Service Co., Ltd. (深圳市清灣科技服務有限公司), a company primarily engaged in chip design and related services and has served as its general manager since then. From November 2006 to May 2017, Mr. Liu served as the general manager of Shenzhen Laike Electronic Technology Co., Ltd. (深圳市萊科電子技術有限公司), a company primarily engaged in chip system design and mobile application development, where he was responsible for the overall management of the company. From December 2004 to October 2006, Mr. Liu served as the general manager of Linkstar International, Inc., a California headquartered design service company, where he was responsible for the overall management of the company. From July 2000 to November 2004, he served as a senior engineer at Applied Micro Circuits Corporation, a company primarily engaged in optical communication chip manufacturing, where he was responsible for chip design.

Mr. Liu obtained a bachelor’s degree in materials science and engineering from Tsinghua University (清華大學) in the PRC in July 1993. He further obtained a master’s degree in materials science and engineering, and a master’s degree in electrical engineering from the University of Utah in the United States in June 1997 and December 1999 respectively. Mr. Liu was awarded as a national distinguished expert (國家特聘專家) by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in May 2011.

As at the Latest Practicable Date, there were no matters relating to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Please refer to “Substantial Shareholders,” “History and Corporate Structure” and “4. Disclosure of Interests” in Appendix VI to this document for the interests of our Directors and chief executive in our Shares within the meaning of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chen Xi (陳曦), aged 49, is our executive Director, chairman of the Board and chief executive officer. See “—Board of Directors—Executive Directors” for his biographical details.

Mr. Shi Guangtao (師廣濤), aged 36, is our executive Director and deputy general manager. See “—Board of Directors—Executive Directors” for his biographical details.

Mr. Huang Zhiwen (黃志文), aged 50, is our executive Director and deputy general manager. See “—Board of Directors—Executive Directors” for his biographical details.

Mr. Bai Songrong, aged 52, has been our co-founder and served as our chief technology officer since November 2019. He is primarily responsible for overseeing the research and development and engineering affairs of our Group.

Prior to joining our Group, from November 2015 to November 2019, Mr. Bai served as a senior supervisor at Shenzhen Goodix Technology Co., Ltd. (深圳市匯頂科技股份有限公司), a semiconductor company whose shares are listed on the Shanghai Stock Exchange (stock code: 603160), where he was responsible for overseeing chip design business of the company. From January 2015 to November 2015, he served as a senior supervisor at Montage Technology Co., Ltd. (瀾起科技股份有限公司), a semiconductor company whose shares are listed on the Shanghai Stock Exchange (stock code: 688008), where he was responsible for overseeing chip design business of the company. From May 2012 to December 2014, he served as a senior supervisor at Entropic Communications, a provider of semiconductor products, where he was responsible for overseeing chip design business of the company. From February 2010 to May 2012, Mr. Bai served as a senior supervisor at Trident Microsystems Inc., an innovative semiconductor solutions provider, where he was responsible for overseeing chip design business of the company. From August 2008 to February 2010, Mr. Bai served as a supervisor at NXP Semiconductors, a semiconductor manufacturing and design company, where he was responsible for overseeing chip design business of the company. From April 2007 to August 2008, Mr. Bai served as a supervisor at Conexant Systems, Inc., a software developer and fabless semiconductor company, where he was responsible for overseeing chip design business of the company. From July 2000 to April 2007, Mr. Bai served as a manager at Hewlett Packard (HP), a multinational information technology company whose shares are listed on the New York Stock Exchange (ticker: HPQ), where he was responsible for chip design.

Mr. Bai obtained a bachelor’s degree in engineering and a master’s degree in science from National University of Singapore in Singapore in June 1998 and December 2021, respectively.

Mr. Wang Jie (王潔), aged 45, has been our co-founder and served as the chief marketing officer of our Company since August 2018. He is primarily responsible for overall management of marketing affairs of our Group.

Prior to joining our Group, from June 2016 to April 2018, Mr. Wang served as a deputy general manager at Dongguan Xiangjiangxin Precision Technology Co., Ltd. (東莞市湘將鑫精密科技有限公司), a company primarily engaged in intelligent terminals manufacturing, where he was responsible for management of marketing affairs of the company. Prior to that, from August 2005 to March 2016, he successively served as an analog chip design engineer, field application engineer, sales manager, sales supervisor and deputy general manager at MStar Software R&D (Shenzhen) Co., Ltd. (晨星軟件研發(深圳)有限公司), a subsidiary of MStar Semiconductor, Inc. (晨星半導體股份有限公司) whose shares are listed on the Taiwan Stock Exchange (stock code: 3697), where he was primarily responsible for business unit management.

Mr. Wang obtained a bachelor’s degree in electronic materials and components and a master’s degree in microelectronics and solid-state electronics from Xidian University (西安電子科技大學) in the PRC in July 2002 and March 2005, respectively.

Ms. Liu Xiaorong (劉小榕), aged 43, has served as the chief financial officer of our Company since July 2021. She is primarily responsible for the overall financial management of our Group.

Prior to joining our Group, from January 2020 to July 2021, Ms. Liu served as the chief financial officer and secretary of the board at Shenzhen Zhongke Precision Technology Co., Ltd. (深圳中科精工科

DIRECTORS AND SENIOR MANAGEMENT

技有限公司), a company primarily engaged in precision technology R&D and manufacturing, where she was responsible for the overall financial management and financing initiatives of the company. From December 2019 to January 2020, She served as the chief financial officer at Ningbo Rongteng Investment Management Co., Ltd (寧波榮騰投資管理有限公司), a company primary engaged in equity investment and management consulting, where she was responsible for financial accounting and internal control compliance. From October 2012 to December 2018, Ms. Liu successively served as an assistant to general manager, securities affair representative and general manager of the investment center, chief financial officer and vice president at China Security Co., Ltd. (中安科股份有限公司), a technology-driven comprehensive services provider whose shares are listing on the Shanghai Stock Exchange (stock code:600654), where she was primarily responsible for the overall financial management of the company. From January 2010 to June 2012, she served as an audit manager at Zhonghui Accounting Firm (Special General Partnership) (中匯會計師事務所(特殊普通合夥)), a professional firm primarily engaged in audit and financial consulting services, where she was responsible for providing auditing and professional financial consulting services. From July 2006 to December 2009, she served as a budget specialist and later a financial manager at Shandong Shengli Co., Ltd. (山東勝利股份有限公司), a comprehensive industrial company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000407.SZ), where she was responsible for the budget planning and accounting matters.

Ms. Liu obtained a bachelor’s degree in financial management from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2006. She is a member of the CICPA. She was also awarded the legal professional qualification by the Ministry of Justice of the People’s Republic of China (中華人民共和國司法部) in March 2013.

JOINT COMPANY SECRETARIES

Mr. Huang Zhiwen (黃志文), was appointed as one of our joint company secretaries effective upon the [REDACTED]. Mr. Huang is our executive Director and deputy general manager. See “—Board of Directors—Executive Directors” for his biographical details.

Ms. Tang Ka Yan (鄧嘉欣), was appointed as one of our joint company secretaries effective upon the [REDACTED]. Ms. Tang is a senior manager of Company Secretarial Services Division of Tricor Services Limited (a member of Vistra Group), a global professional services provider specializing in integrated Business, Corporate and Investor Services.

Ms. Tang has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Tang is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Tang obtained her bachelor of business administration in accountancy from the City University of Hong Kong in November 2007 and master of laws in Common Law from the Chinese University of Hong Kong in November 2013.

BOARD COMMITTEES

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

Audit Committee

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

Remuneration Committee

We have established the Remuneration Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee consists of three Directors, namely Prof. Huang Hui, Mr. Liu Zhixiang and Mr. Chen, with Prof. Huang Hui serving as the chairman of the Remuneration Committee. The Remuneration and Committee is mainly responsible for formulating appraisal criteria for Directors and senior management and conducting appraises, as well as formulating and reviewing remuneration policies and plans for Directors and senior management, including the determination mechanism, decision-making procedures, payment, suspension of payment, and recovery arrangements related to remuneration.

Nomination Committee

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

DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a board diversity policy (the “Board Diversity Policy”) in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board of Directors.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting, engineering, computer science and law. The Board of Directors is of the view that our Board of Directors satisfies the Board Diversity Policy. In addition, our Board of Directors has a wide range of age, ranging from 36 years old to 55 years old. Two of our Directors are female. Our Board of Directors will also ensure that appropriate balance of gender diversity is achieved with reference to investors’ expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of the Board of Directors. After [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Save as disclosed below, our Group is expected to comply with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Chen currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and the chief executive officer of our Company in the same person has the benefit of (1) ensuring consistent leadership within our Group, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Group to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the president of our Group at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

The aggregate amounts of remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) of the Directors for the three years ended December 31, 2023, 2024 and 2025, were RMB3.3 million, RMB2.4 million and RMB3.9 million, respectively.

The aggregate amounts of remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) of the five highest paid individuals, excluding Directors and chief executive, for the three years ended December 31, 2023, 2024 and 2025, were RMB8.0 million, RMB6.8 million and RMB9.6 million, respectively.

It is estimated that remuneration (including salaries, allowances, discretionary bonuses, defined contribution retirement scheme and share-based payment expenses) of the Directors will be equivalent to approximately RMB3.1 million in aggregate for the year ending December 31, 2026, based on the arrangements in force as of the date of the document.

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

COMPLIANCE ADVISOR

The Company appointed Rainbow Capital (HK) Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules, and the compliance advisor will advise the Company as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

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

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

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

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see “Business—Research and Development—Our R&D Team and Core Members” in this document.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that, as of the Latest Practicable Date, he/she or his/her respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on November 24, 2025; and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (1) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (2) that he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (3) that there are no other factors that may affect his/her independence at the time of his/her appointment.

SHARE CAPITAL

Our registered share capital as of the Latest Practicable Date was RMB10,442,241, divided into 10,442,241 Unlisted Shares of par value RMB1.00 each. Upon [REDACTED], the ordinary shares of our Company will be split on a one for ten basis, and the aforementioned registered share capital of our Company of RMB10,442,241 will be divided into 104,422,410 Shares of par value RMB0.1 each.

Assuming the [REDACTED] is not exercised, the share capital of our Company immediately after the [REDACTED] and Conversion of Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares (RMB)	Percentage of issued share capital
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	[REDACTED]	100.00%

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately after the [REDACTED] and Conversion of Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares (RMB)	Percentage of issued share capital
H Shares to be converted from Unlisted Shares.	[REDACTED]	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	[REDACTED]	100.00%

The above table assumes that the [REDACTED] has become unconditional and the H Shares are issued pursuant to the [REDACTED].

OUR SHARES

Upon the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, the Shares will consist of H Shares only. If further Unlisted Shares are issued following the completion of the [REDACTED] and Conversion of Unlisted Shares into H Shares, Unlisted Shares and H shares are ordinary share capital of our Company and are regarded as the same class of shares. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be [REDACTED] for by, or [REDACTED] between, legal or natural persons of the PRC.

RANKING

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document.

All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which the Shareholders’ general meeting are required, please refer to “Voting and Resolutions of Shareholders’ Meeting” under “Appendix V—Summary of the Articles of Association of the Company” to this document.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the filing procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need to be filed with relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) announced by the CSRC, for an H-share listed company, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf.

In accordance with the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引) announced by the CSRC, an unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of [REDACTED] Unlisted Shares into H Shares on a one-for-one basis (“Conversion of Unlisted Shares into H Shares”) upon the completion of the [REDACTED] (assuming the Share Subdivision is completed and the nominal value is RMB0.1 each Share) (“Full Circulation Application of the Company”), which has been completed on [●].

[REDACTED] Approval by the Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from [REDACTED] Unlisted Shares (assuming the Share Subdivision is completed and the nominal value is RMB0.1 each Share) on the Stock Exchange.

We will perform the following procedures for the conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED]. Until the converted Shares are re-registered on our [REDACTED], such Shares will not be [REDACTED] as H Shares. The participating shareholders may only [REDACTED] the Shares upon completion of domestic procedures.

Unlisted Shareholders can work with the Company according to the Articles of Association and follow the procedures set out in this document to convert the Unlisted Shares into H Shares after the [REDACTED] if they want, provided that such conversion of Unlisted Shares into and [REDACTED] and [REDACTED] of H Shares will be subject to the filing procedures of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

SHARE CAPITAL

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引) announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of CSDC. And H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in CSDC.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to issue H Shares and seek the [REDACTED] of H Shares on the Stock Exchange. The Company has obtained such approval at the Shareholders’ general meeting held on November 21, 2025.

RESTRICTIONS ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

According to the Company Law, the Shares issued by the Company prior to the [REDACTED] are restricted from [REDACTED] within one year from the [REDACTED].

Our Directors and members of the senior management (as defined in our Articles of Association) of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and such members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions or conditions on the transfer of the Shares held by our Directors, members of senior management of our Company and other Shareholders. For further details, see “Summary of the Articles of Association of the Company” in Appendix V to this document.

The Company will work with the domestic securities company to be engaged by the Company to restrict the [REDACTED] of the H Shares converted from Unlisted Shares technically within one year after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

To the best of our Directors’ knowledge and information, the following persons will, immediately following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
		Number of Shares	Percentage of shareholding in the total issued share capital of our Company	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Chen	Beneficial owner	1,699,941	16.28%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation ⁽¹⁾	3,225,516	30.89%	[REDACTED]	[REDACTED]%
	Interest of spouse ⁽²⁾	1,475,002	14.13%	[REDACTED]	[REDACTED]%
Ms. Wang	Beneficial owner	1,475,002	14.13%	[REDACTED]	[REDACTED]%
	Interest of spouse ⁽²⁾	4,925,457	47.17%	[REDACTED]	[REDACTED]%
Xichuang Lekang LP. . .	Beneficial owner	2,278,364	21.82%	[REDACTED]	[REDACTED]%
Xichuang Leyuan Shareholding Platform	Beneficial owner	787,843	7.54%	[REDACTED]	[REDACTED]%
Mr. Yang Longzhong (楊龍忠)	Interest in controlled corporation ⁽³⁾	600,906	5.75%	[REDACTED]	[REDACTED]%

(1) As of the Latest Practicable Date, Xichuang Technology was the general partner of Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform. Xinchuang Technology is owned as to 51.00% by Mr. Chen and as to 49.00% by Ms. Wang. Under the SFO, Mr. Chen and Ms. Wang are deemed to be interested in the entire Shares held by Xichuang Lekang LP, Xichuang Leyuan Shareholding Platform, Xichuang Lejia Shareholding Platform and Xichuang Lexin Shareholding Platform.

(2) Ms. Wang is the spouse of Mr. Chen. Under the SFO, Mr. Chen and Ms. Wang are deemed to be interested in the Shares held by each other.

(3) As of the Latest Practicable Date, both of Shenzhen Huiyou Chuangjia Venture Investment Partnership (Limited Partnership) (深圳市惠友創嘉創業投資合夥企業(有限合夥)) and Xiamen Huiyou Lanying Management Consulting Partnership (Limited Partnership) (廈門惠友藍楹管理諮詢合夥企業(有限合夥)) were ultimately controlled by Shenzhen Huiyou Private Equity Fund Management Co., Ltd. (深圳市惠友私募股權基金管理有限公司). Shenzhen Huiyou Private Equity Fund Management Co., Ltd. is owned as to 67.00% by Mr. Yang Longzhong. Under the SFO, Mr. Yang Longzhong is deemed to be interested in the entire Shares held by Shenzhen Huiyou Chuangjia Venture Investment Partnership (Limited Partnership) and Xiamen Huiyou Lanying Management Consulting Partnership (Limited Partnership).

Save as disclosed above and in “Appendix VI Statutory and General Information” of this document, our Directors are not aware of any person who will, immediately following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares (and the [REDACTED] of any additional H Shares pursuant to the [REDACTED]), have an interest or short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of our Group.

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

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

OVERVIEW

We are a provider of edge AI chip products. Leveraging our robust chip design capabilities and strengths in the deep integration of display and sensing-control with chips, we have effectively commercialized our products at scale. Our display chip products mainly comprise AI Scaler and STD1 chips; our sensing-control chip products mainly comprise TMCUs, general-purpose MCUs, touch ICs and SCCUs. Our products have been adopted by various mainstream automotive OEMs, through their Tier 1 suppliers, and leading consumer electronics brands, through electronic system integrators and solution providers, globally. Our mass-produced chip portfolio addresses diverse customer needs across consumer electronics, automotive industry and emerging markets such as embodied intelligence.

We have competitive R&D capabilities, established mass production experience and sound technological strengths, with solid expertise in image and video processing, sensing, SoC design and automotive-grade product development. Building on our edge AI advantages in display, sensing and control, we empower innovation in smart devices worldwide. Scaler chips are image processing chips that are widely applied in smartphone displays and automotive cockpit displays. We developed the world’s first ASIC-based scaler, AI Scaler, according to the F&S Report, and command key technologies in visually lossless compression, image quality enhancement and high-speed interface transmission. Leveraging our presence in the smartphone display application market, our AI Scaler has achieved solid market share growth to become a leading product. In 2025, our shipment volume of AI Scaler was approximately 47 million units. According to the F&S Report, we ranked first globally in the scaler industry and the ASIC scaler industry, in each case as measured by shipment volume, in 2025. According to the same source, our latest automotive-grade TMCU maintains a leading position in specifications and performance for sensing and control in China. Benefiting from their sensing accuracy and anti-interference performance, our TMCUs have been deployed in a large number of mass-produced vehicle models of mainstream automotive OEMs and have been recognized in the global automotive industry.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Develop Competitive Products and Address Downstream Demands

The competitiveness of our edge AI chip products, in particular our display chip products and sensing-control chip products, are the pillar of our business strengths and key to our financial performance. Since our inception, we have invested significant resources in and curated a strong portfolio winning high market recognition, which has contributed significantly to our revenue growth. According to the F&S Report, we ranked first globally in the scaler industry and the ASIC scaler industry, as measured by shipment volume, in 2025. During the Track Record Period, our total revenue increased from RMB150.1 million for 2023 to RMB244.1 million for 2024, and further to RMB346.4 million for 2025, respectively. Such growth was underpinned by the competitiveness of the relevant products, including their technological and functional advantages and the close fit of such products with imminent market needs.

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To achieve further growth, we must ensure the market position of our existing products and innovate new products to tap on unaddressed business opportunities. The competitiveness of our edge AI chip products depends on a variety of internal and external factors. Under the AI era, the display chip industry and sensing-control chip industry are characterized by higher integration, stronger intelligence, multimodal perception and fusion, and higher computing power and system collaboration. The competitiveness of our edge AI chip products is highly dependent on our ability to constantly align ourselves with these goals in a manner that outperforms our peers. This in turn mandates us, among others, to reinforce our technology leadership and strengthen our R&D capabilities. Specifically, as our products are deployed by our customers in their end products or operations, our ability to understand, address and even predict their needs, keep up with industry trends and standards and develop products tailored to such needs and trends effectively is crucial to the value of our products to customers. Moreover, due to the nature of the applications of our products, the competitiveness of our products also depends on the degree of cost-savings and engineering efficiency, satisfaction of compliance requirements and other practical benefits that our products can bring to our customers. In addition, the competitiveness of our products remains to be affected by the general industry landscape, including the products offered by other domestic and international players and the relative benefits and costs of our products versus theirs.

Our Technological Advantages and R&D Capabilities

We have built our accomplishments to date upon our technological advantages, which supports the competitiveness of our products and empowers efficient product innovations and development. Leveraging the underlying common edge AI technologies in display and sensing and control, we are at the forefront of the transformation in the edge AI chips and solutions industry. Since our inception, we have focused on the development of image processing and capacitive sensing technologies, through which we achieved efficient image compression and processing and advanced multimodal sensor fusion, forming the basis for rapid product derivation and stable mass production. We believe that these technological advantages will continue to underpin our commercial success.

Our R&D capabilities are the cornerstone of our technology leadership, enabling our product development, upgrades and extension. We have steadily invested substantial resources in our research and development efforts since our inception. From 2023 to 2025, our total research and development expenditure ratio was 58.5%, calculated by dividing annual total research and development expenditure for the three financial years prior to the [REDACTED] by total operating expenditure for the three financial years prior to the [REDACTED]. In 2023, 2024 and 2025, our research and development expenses amounted to RMB124.7 million, RMB86.8 million and RMB93.5 million. As of December 31, 2025, our R&D team has 84 members, most with over ten years of experience at leading global semiconductor companies and hold degrees from top domestic and overseas institutions. We will further enhance our technological innovation through “Industry-Academia-Research” collaborations and prospective R&D layouts in AI and robotics, strengthening our long-term competitiveness. We have signed a strategic cooperation agreement with the Faculty of Microelectronics at Xidian University and jointly established an Automotive Chip Technology Center with Tsinghua University. As a result, our research and development expenses may fluctuate along with, among others, development progress of our new products and the recruitment, retention and incentivization of our R&D personnel. To the extent that we increase our investments in R&D personnel and activities, our research and development expenses may increase. In addition, our R&D activities come with uncertainties in the process and outcome, and we may not predict the results of and return on such investment, which may in turn affect our results of operations.

The Effectiveness, Stability and Resilience of Our Supply Chain

Our supply chain capabilities are crucial to our ability to constantly deliver high-quality products that satisfy customer requirements, as well as our ability to achieve cost management and improve profitability. Under our fabless business model, we concentrate our resources on the design and development of high-performance edge AI chip products, while outsourcing all manufacturing processes, including wafer fabrication and chip packaging and testing, to our third-party business partners. As of the Latest Practicable Date, we had established stable relationships with eight major wafer foundries and 13 packaging and testing suppliers, enabling production capacity stability and cost competitiveness and advancing localization of our chip supply chain. Our ability to maintain stable and virtuous business relationship with these suppliers, collaborate with them in a cohesive and efficient manner, and secure their capacity on favorable or reasonable commercial terms that meet our requirements is essential to our fulfillment capabilities.

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Similar to other fabless players in the semiconductor industry, our cost of sales, gross profit and results of operations are structurally affected by global and local supply chain status of the semiconductor sector, the availability, abundance and timeliness of raw materials and our suppliers’ manufacturing capacity. These factors will affect our cost level, in particular our material costs which have a vital impact on our profitability, and we may adjust our stock preparation and procurement strategies from time to time in light of these evolving supply chain conditions, which may affect our margin. During the Track Record Period, our cost of sales amounted to RMB117.9 million, RMB174.8 million and RMB273.7 million for 2023, 2024 and 2025, respectively, representing 78.5%, 71.6% and 79.0% of our total revenue for the same years, respectively. Our cost of sales primarily consisted of (1) direct material costs, mainly including costs of procuring wafers, FLASH and PCBA modules, (2) packaging and testing costs, and (3) write-down of inventories. Our direct material costs amounted to RMB99.5 million, RMB145.9 million and RMB232.3 million for 2023, 2024 and 2025, respectively, representing 84.5%, 83.5% and 84.9% of our total cost of sales for the same years, respectively. We expect that our results of operations will continue to be affected by changes in the supply chain, as well as our strategies in response to these supply chain fluctuations.

Our Ability to Achieve Operating Efficiency

As we expanded our scale of operations, our ability to achieve operating efficiency has become more important to our results of operations. Specifically, our results of operations are also affected by our operating expenses, including our selling and distribution expenses and administrative expenses. While we recorded greater selling and distribution expenses and administrative expenses during the Track Record Period, in line with our expanded scale of operations, we were able to maintain these expenses at reasonable levels compared with our growth. During the Track Record Period, our selling and distribution expenses amounted to RMB28.4 million, RMB26.8 million and RMB27.9 million for 2023, 2024 and 2025, respectively, representing 18.9%, 11.0% and 8.1% of our total revenue for the same years, respectively. Our administrative expenses amounted to RMB43.3 million, RMB45.8 million and RMB54.6 million for 2023, 2024 and 2025, respectively, representing 28.8%, 18.7% and 15.8% of our total revenue for the same years, respectively. Going forward, we may continue to incur increasing operation expenses due to increased employee headcount and greater operating expenditure to meet the increasing needs of our business operations. Our profitability will also depend on, among others, our ability to enhance operating efficiency, attain economies of scale and achieve operating leverage to keep these costs at levels commensurate with our business growth.

BASIS OF PREPARATION

For capital subscribed by Pre-[REDACTED] Investors, our Directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Track Record Period. Further details of the financial impacts of the arrangements are included in Note 32(d) to the Accountants’ Report in Appendix I to this document.

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the relevant periods and in the period covered by the interim comparative financial information.

The historical financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVPL”) which has been measured at fair value.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

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

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

We provide (a) display chip products and (b) sensing-control chip products.

(a) Revenue from display chip products

The display chip products include sale of display chips and related products, provision of chip solutions services and revenue from cooperation development.

Sale of display chips and related products

Revenue from the sale of display chips and related products is recognized at the point in time when control of the asset is transferred to the customers, generally on delivery of the products. We act as principal as we have controls over the products before transferring the products to our customers. Accordingly, we recognize revenue and cost incurred on a gross basis.

Provision of chip technical services

We entered contract with certain customers to provide chip technical services which includes the design, deployment, commission and verification process of customized display chip products, revenue from chip technical service is recognized overtime, using an input method to measure process towards complete satisfaction of the services, because the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the chip technical services.

Revenue from cooperation development

We granted exclusive rights to certain customers to purchase our products in a pre-agreed period and we are entitled to a non-refundable service fee (the “Up-front Payment”) pursuant to certain cooperation development agreements (the “Agreements”).

Contracts for cooperation development comprised provision of exclusive rights and research and development services that are not distinct and incapable of being separately identifiable. Accordingly, the transaction price, i.e. the Upfront Payment, is recognized over time, using an output method to measure progress towards complete satisfaction of the service, because the customers simultaneously receive and consume the benefits provided by us. The output method recognizes revenue based on the actual quantities of products purchased by the customers relative to the estimated total quantities of products to be purchased during the pre-agreed period.

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(b) Revenue from sensing-control chip products

The sensing-control chip products include sale of sensing-control chips. Revenue from the sale of sensing-control chips is recognized at the point in time when control of the asset is transferred to the customers, generally on delivery of the products.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provision against obsolete and slow-moving inventories

We review the condition of our inventories and make a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Our management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. We carry out an inventory review at the end of each year and make a provision against obsolete and slow-moving items. Our management reassesses the estimation at the end of each year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Modules and tools	33.33%
Electronic equipment	20% to 33.33%
Furniture and fixtures	20% to 33.33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the consolidated statements of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Share-based payments

We operate a share incentive plan. Employees and consultants of us receive incentives in the form of share-based payments, whereby employees and consultants render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares, the recent share transaction price is used.

The cost of equity-settled transactions is recognized in benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statements of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss items for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
(RMB in thousands, except for percentages)						
Revenue	150,112	100.0	244,071	100.0	346,359	100.0
Cost of sales	(117,851)	(78.5)	(174,750)	(71.6)	(273,673)	(79.0)
Gross profit	32,261	21.5	69,321	28.4	72,686	21.0
Other income and gains, net	12,813	8.5	12,713	5.2	13,931	4.0
Selling and distribution expenses	(28,360)	(18.9)	(26,844)	(11.0)	(27,922)	(8.1)
Administrative expenses	(43,305)	(28.8)	(45,763)	(18.7)	(54,638)	(15.8)
Research and development expenses	(124,669)	(83.1)	(86,833)	(35.6)	(93,500)	(27.0)
Impairment losses on financial assets, net	(457)	(0.3)	(2,017)	(0.8)	(1,061)	(0.3)
Other expenses	(29)	(0.0)	(95)	(0.0)	(1,245)	(0.4)
Finance costs	(1,036)	(0.7)	(1,003)	(0.4)	(2,698)	(0.8)
Share of losses of an associate	(639)	(0.4)	–	–	–	–
LOSS BEFORE TAX	(153,421)	(102.2)	(80,521)	(33.0)	(94,447)	(27.3)
Income tax expense	–	–	(299)	(0.1)	(99)	(0.0)
LOSS FOR THE YEAR	(153,421)	(102.2)	(80,820)	(33.1)	(94,546)	(27.3)

For details of the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investment, see Note 32 to the Accountants’ Report in Appendix I to this document.

Non-IFRS Measure

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

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We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for (1) equity-settled share-based payments, and (2) [REDACTED]. Equity-settled share-based payments are non-cash expenses arising from share incentives granted to employees and consultants. [REDACTED] are expenses in relation to the [REDACTED]. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year which is presented in accordance with the IFRSs.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(153,421)	(80,820)	(94,546)
Add: equity-settled share-based payment expenses	24,191	12,085	31,313
Add: [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (non-IFRS measure)	(129,230)	(68,735)	(51,070)

Revenue

During the Track Record Period, we primarily generated revenue from the sales and provision of (1) display chip products, and (2) sensing-control chip products. In 2023, 2024 and 2025, our revenue was RMB150.1 million, RMB244.1 million and RMB346.4 million, respectively. The following table sets forth a breakdown of our revenue by product type, both in absolute amount and as percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Display chip products:						
– AI Scaler	134,493	89.6	235,629	96.5	250,436	72.3
– STDI chips	–	–	434	0.2	12,920	3.7
– Others ⁽¹⁾	–	–	1,560	0.6	840	0.3
Subtotal	134,493	89.6	237,623	97.4	264,196	76.3
Sensing-control chip products:						
– TMCUs	–	–	19	0.0	3,177	0.9
– General-purpose MCUs	1,734	1.2	3,044	1.2	5,350	1.5
– Touch ICs	13,885	9.2	3,384	1.4	2,969	0.9
– SCCUs	–	–	–	–	70,667	20.4
Subtotal	15,619	10.4	6,448	2.6	82,163	23.7
Total	150,112	100.0	244,071	100.0	346,359	100.0

(1) Primarily included provision of technical services relating to our display chip products.

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The following table sets forth a breakdown of our revenue by its major downstream applications, both in absolute amount and as percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023	%	2024	%	2025	%
(RMB in thousands, except for percentages)						
Consumer applications:						
AI Scaler	134,493	89.6	235,629	96.5	250,436	72.3
STDI chips	—	—	434	0.2	12,920	3.7
Touch ICs	13,885	9.2	3,384	1.4	2,969	0.9
Others ⁽¹⁾	—	—	1,560	0.6	840	0.3
Subtotal	148,377	98.8	241,008	98.7	267,165	77.2
Automotive applications:						
TMCUs	—	—	19	0.0	3,177	0.9
General-purpose MCUs	1,734	1.2	3,044	1.2	5,350	1.5
SCCUs	—	—	—	—	70,667	20.4
Subtotal	1,734	1.2	3,063	1.3	79,194	22.8
Total	150,112	100.0	244,071	100.0	346,359	100.0

(1) Primarily included provision of technical services.

The following table sets forth a breakdown of our revenue by geographical regions, both in absolute amount and as percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Revenue	%	Revenue	%	Revenue	%
(RMB in thousands, except for percentages)						
Chinese mainland	142,065	94.6	242,511	99.4	337,659	97.5
Other countries/regions ⁽¹⁾	8,047	5.4	1,560	0.6	8,700	2.5
Total	150,112.0	100.0	244,071.0	100.0	346,359	100.0

(1) Primarily included Hong Kong. The fluctuations of revenue generated from other countries/regions are attributable to the same reasons of the fluctuations of our overall revenue. See “—Period to Period Comparison of Results of Operations.”

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Cost of Sales

Our cost of sales primarily consists of (1) direct material costs, mainly including costs of procuring wafers, FLASH and PCBA modules, (2) packaging and testing costs, and (3) write-down of inventories. In 2023, 2024 and 2025, our cost of sales was RMB117.9 million, RMB174.8 million and RMB273.7 million, respectively, representing 78.5%, 71.6% and 79.0% of our revenue for the same years, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as percentage of our total cost of sales, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(RMB in thousands, except for percentages)						
Direct material costs	99,548	84.5	145,868	83.5	232,325	84.9
Packaging and testing costs	14,750	12.5	18,641	10.7	26,782	9.8
Others ⁽¹⁾	1,876	1.6	2,994	1.7	4,161	1.5
Subtotal	116,174	98.6	167,503	95.9	263,268	96.2
Write-down of inventories ⁽²⁾⁽³⁾	1,677	1.4	7,247	4.1	10,405	3.8
Total	117,851	100.0	174,750	100.0	273,673	100.0

(1) Primarily included depreciation and amortization and technical service cost.

(2) We adopt a prudent inventory write-down policy. For inventories held for sale or use, we primarily assess those inventories based on their NRV: (1) for inventories tied to firm sales orders, NRV is determined with reference to the order price; (2) for other inventories, NRV is assessed with reference to recent market prices or estimated selling prices net of relevant taxes and costs. Where NRV cannot be reliably estimated, we supplement the assessment with an ageing analysis and apply category-specific ageing thresholds, under which items exceeding the relevant threshold are fully written down. In addition, for inventories showing specific write-down indicators, such as apparent obsolescence, technological iteration or product upgrade, we perform a separate item-by-item assessment and recognize the corresponding write-downs.

(3) In order to prevent future occurrences of significant write-down of inventories, we have implemented the following inventory management measures: (i) conducting more detailed sales forecasts taking into consideration of factors such as sales strategy, historical sales data, industry changes, inventory levels of finished goods, and supply chain risks; (ii) conducting regular checks and reviews on the performance of distributors and provide supports to underperformed distributors; (iii) strengthening the reviewing process of the key terms in relation to our agreements with customers and distributors to mitigate inventory risks which may arise from such agreements; and (iv) communicating more frequently with customers and distributors to obtain a better understanding of market demand.

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The following table sets forth a breakdown of our write-down of inventories by product type, both in absolute amount and as percentage of our total write-down of inventories, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						
Display chip products:						
– AI Scaler	924	55.1	(245)	(3.4)	1,808	17.4
– STDI chips	–	–	–	–	3,899	37.5
Subtotal	924	55.1	(245)	(3.4)	5,706	54.8
Sensing-control chip products:						
– TMCUs	40	2.4	(39)	(0.5)	37	0.4
– General-purpose MCUs	817	48.7	5,225	72.1	4,392	42.2
– Touch ICs	(105)	(6.2)	2,306	31.8	225	2.2
– SCCUs	–	–	–	–	45	0.4
Subtotal	753	44.9	7,492	103.4	4,699	45.2
Total write-down of inventories	1,677	100.0	7,247	100.0	10,405	100.0

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB32.3 million, RMB69.3 million and RMB72.7 million, respectively, representing gross profit margin of 21.5%, 28.4% and 21.0% for the same years, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
(RMB in thousands, except for percentages)						
Display chips:						
AI Scaler	29,164	21.7	75,458	32.0	73,281	29.3
STDI chips*	–	–	(2)	(0.4)	(1,530)	(11.8)
Others ⁽¹⁾	–	–	997	63.9	787	93.7
Subtotal	29,164	21.7	76,452	32.2	72,538	27.5
Sensing-and-control chips:						
TMCUs	–	–	3	16.5	1,168	36.8
General-purpose MCUs*	(501)	(28.9)	(802)	(26.4)	(1,543)	(28.8)
Touch ICs	5,274	38.0	914	27.0	834	28.1
SCCUs	–	–	–	–	10,094	14.3
Subtotal	4,774	30.6	116	1.8	10,553	12.8
Total before write-down of inventories	33,938	22.6	76,568	31.4	83,091	24.0
Less: Write-down of inventories	(1,677)		(7,247)		(10,405)	
Total	32,261	21.5	69,321	28.4	72,686	21.0

* During the Track Record Period, we recorded gross loss margins for our STDI chips and general-purpose MCUs. This was primarily because the STDI chips and general-purpose MCUs sold during the Track Record Period represented our first-generation products in their respective series. These products were still in the early stages of commercialization and production ramp-up. As a result, our production and sales volumes had not yet reached a level sufficient to achieve meaningful economies of scale, resulting in relatively high average unit costs that could not be fully covered by the selling prices. This transitional phase is typical for the early-stage commercialization of new semiconductor products, according to Frost & Sullivan. With the launch of these upgraded products and our continuous market penetration efforts, we expect our production and sales volumes of STDI chips and general-purpose MCUs to scale up. In addition, we are proactively optimizing our supply chain by transitioning the manufacturing of our new products to domestic wafer foundries, which is expected to result in reduction in our direct material costs. The gradual realization of economies of scale, coupled with such supply chain optimization, are expected to optimize our unit manufacturing costs, which we anticipate will ultimately achieve the gross profit margins of these two product lines.

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Other Income and Gains, Net

We recorded other net income and gains of RMB12.8 million, RMB12.7 million and RMB13.9 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other net income and gains for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other income			
Government grants	8,134	8,356	11,070
Investment income from financial assets at			
FVPL	1,967	2,570	2,673
Interest income	622	500	188
Other interest income from debt investments at			
FVOCI	975	660	—
Gains			
Fair value gains on FVPL	641	404	—
Gains on termination of leases	—	223	—
Foreign exchange gains, net	474	—	—
Gain on disposal of a subsidiary	—	—	—
Total	12,813	12,713	13,931

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (1) staff costs for our selling and distribution staff, (2) business development expenses, primarily including business travel expenses and other business development expenses in relation to selling and distribution activities, and (3) depreciation and amortization. In 2023, 2024 and 2025, our selling and distribution expenses were RMB28.4 million, RMB26.8 million and RMB27.9 million, respectively, representing 18.9%, 11.0% and 8.1% of our revenue for the same years, respectively. The following table sets forth a breakdown of our selling and distribution expenses by nature, both in absolute amount and as a percentage of our total selling and distribution expenses, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Staff costs	25,562	90.1	21,762	81.1	23,349	83.6
Business development expenses.....	1,350	4.8	2,162	8.1	2,739	9.8
Depreciation and amortization.....	669	2.4	762	2.8	1,023	3.7
Others ⁽¹⁾	779	2.7	2,158	8.0	811	2.9
Total	28,360	100.0	26,844	100.0	27,922	100.0

(1) Primarily including market promotion expenses.

Administrative Expenses

Our administrative expenses primarily consist of (1) staff costs for our administrative staff, (2) [REDACTED] in relation to the [REDACTED], (3) professional service fees, primarily comprised fees for consultants, auditors, lawyers and other professionals, (4) depreciation and amortization, (5) office expenses, and (6) taxes and surcharges. In 2023, 2024 and 2025, our administrative expenses were RMB43.3 million, RMB45.8 million and RMB54.6 million, respectively, representing 28.8%, 18.7% and 15.8% of our revenue for the same years, respectively. The following table sets forth a breakdown of our administrative expenses by nature, both in absolute amount and as a percentage of our total administrative expenses, for the years indicated.

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	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(RMB in thousands, except for percentages)						
Staff costs	30,654	70.8	32,459	70.9	29,073	53.2
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	3,880	9.0	3,290	7.2	4,681	8.6
Depreciation and amortization	3,128	7.2	3,857	8.4	2,501	4.6
Office expenses	2,052	4.7	1,799	3.9	2,432	4.5
Taxes and surcharges	140	0.3	918	2.0	885	1.6
Others ⁽¹⁾	3,451	8.0	3,440	7.6	2,903	5.2
Total	43,305	100.0	45,763	100.0	54,638	100.0

(1) Primarily including business development expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (1) staff costs for our research and development staff, (2) materials and consumables used for our research and development activities, (3) depreciation and amortization expenses, and (4) professional service fees, primarily comprising outsourced technical service fees and certification-related fees. In 2023, 2024 and 2025, our research and development expenses were RMB124.7 million, RMB86.8 million and RMB93.5 million, respectively, representing 83.1%, 35.6% and 27.0% of our revenue for the same years, respectively. The following table sets forth a breakdown of our research and development expenses by nature, both in absolute amount and as a percentage of our total research and development expenses, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(RMB in thousands, except for percentages)						
Staff costs	91,024	73.0	66,962	77.2	71,720	76.7
Materials and consumables	20,583	16.5	5,858	6.7	11,664	12.5
Depreciation and amortization	5,604	4.5	4,978	5.7	3,977	4.3
Professional service fees ⁽¹⁾	6,142	4.9	7,751	8.9	4,902	5.2
Others ⁽¹⁾	1,316	1.1	1,284	1.5	1,237	1.3
Total	124,669	100.0	86,833	100.0	93,500	100.0

(1) Professional service fees represent fees paid to external professional institutions for services supporting our research and development activities. Such professional service fees primarily comprised (i) outsourced technical service fees, representing fees incurred for project-specific R&D support provided by third-party technical organizations, including specialized development assistance, technical consulting, validation, and testing/analysis services, and (ii) certification-related fees, representing fees incurred to apply for, maintain and protect our R&D outcomes, including fees paid to professional legal or intermediary firms (such as patent agencies and certification bodies) for patent applications, software copyright registrations, and technical accreditations, together with the relevant official filing fees and agency charges.

(2) Primarily including business travel expenses and office expenses.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets represent impairment losses on trade and bill receivables and other receivables. In 2023, 2024 and 2025, our net impairment losses on financial assets were RMB0.5 million, RMB2.0 million and RMB1.1 million, respectively, representing 0.3%, 0.8% and 0.3% of our revenue for the same years, respectively.

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Finance Costs

Our finance costs primarily consist of (1) interest on bank borrowings, and (2) interest on lease liabilities. In 2023, 2024 and 2025, our finance costs was RMB1.0 million, RMB1.0 million and RMB2.7 million, respectively, representing 0.7%, 0.4% and 0.8% of our revenue for the same years, respectively.

Income Tax Expense

We recorded income tax expense of nil, RMB0.3 million and RMB0.1 million in 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

The following description sets forth a summary of our major income tax exposures.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out in Note 11 to the Accountants’ Report in Appendix I to this document.

Our Company and a subsidiary were accredited as a “High and New Technology Enterprise” under the relevant tax rules and regulations, and therefore these entities were entitled to a preferential CIT rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years. For details, see Note 11 to the Accountants’ Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared to Year ended December 31, 2024

Revenue

Our revenue increased by 41.9% from RMB244.1 million in 2024 to RMB346.4 million in 2025, primarily driven by the successful commercialization of our SCCUs in 2025, marking our strategic expansion from chips to comprehensive automotive solutions.

- **Display chip products.** Our revenue from display chip products increased by 11.2% from RMB237.6 million in 2024 to RMB264.2 million in 2025, primarily due to our continuing efforts in enriching our product portfolio. In particular, our revenue from STDI chips increased from RMB0.4 million in 2024 to RMB12.9 million in 2025, primarily due to the successful commercialization of our STDI chips in late 2024, which received positive market response in 2025. Such positive reception was largely attributable to the innovative all-in-one architecture of our STDI chips, which integrates our proprietary scaler and TDDI functionalities, encompassing image processing, frame rate conversion, high-speed interface, display driver, and touch features into a single chip. This integrated design resonated well with the market as it effectively reduces system complexity, saves board space, and improves power efficiency, all while maintaining premium visual quality verified through stringent compatibility and reliability testing.
- **Sensing-control chip products.** Our revenue from sensing-control chip products increased significantly from RMB6.4 million in 2024 to RMB82.2 million in 2025, which was primarily driven by the revenue from SCCUs, which we launched in June 2025 and generated revenue of RMB70.7 million in 2025.

Cost of sales

Our cost of sales increased by 56.6% from RMB174.8 million in 2024 to RMB273.7 million in 2025, primarily due to an increase in direct material costs of RMB86.5 million, which was generally in line with our revenue growth in 2025.

The write-down of inventories increased from RMB7.2 million in 2024 to RMB10.4 million in 2025, primarily due to longer inventory aging attributable to our expansion of automotive-grade product lines,

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which generally has a long product introduction cycle in line with the characteristics of the industry and the product, resulting in increased aging of related inventories.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 4.9% from RMB69.3 million in 2024 to RMB72.7 million in 2025. Our gross profit margin decreased from 28.4% in 2024 to 21.0% in 2025.

- **Display chip products.** Our gross profit margin (before write-down of inventories) for display chip products decreased from 32.2% in 2024 to 27.5% in 2025, primarily due to a decrease in the gross profit margin (before write-down of inventories) for AI Scaler. This decrease was driven by a structural shift in our AI Scaler portfolio following the launch of our new AI Scalers and our strategic price adjustments for existing AI Scaler in response to changing market conditions.
 - **Existing AI Scaler.** As our existing AI Scaler entered the later stage of their lifecycle, their revenue contribution to the display chip products decreased from 99.2% in 2024 to 73.3% in 2025, and their gross profit margin decreased from 32.0% to 25.7% due to our strategic price adjustments in response to the changing market conditions. Such price adjustments were made after careful consideration of the following factors and changing market conditions: (i) increased market supply and technology imitation by competitors led to product homogenization, making pricing a critical competitive differentiator. To defend our market share against major competitors, we proactively adjusted our prices; (ii) downstream module and terminal device manufacturers faced severe cost pressures due to price volatility and soft end-market demand. This heightened their sensitivity to chip procurement costs, leading to explicit requests for price reductions from our customers; (iii) as our existing AI Scaler entered the maturity stage of their lifecycle, downstream demand gradually shifted toward next-generation solutions. We proactively offered price discounts to accelerate the clearance of older inventory, and (iv) the gradual release of domestic wafer fabrication and packaging and testing capacities continuously optimized our supply chain costs. This cost reduction afforded us the financial flexibility to implement these strategic price cuts while remaining commercially viable.
 - **Newly launched AI Scaler.** Our new AI Scaler launched in 2025 achieved a relatively high gross profit margin of 41.5%. However, as they were still in the early stages of commercialization with a limited revenue contribution of 21.5% to the display chip products, their contribution to the overall gross profit margin for display chip products remained limited.
- **Sensing-control chip products.** Our gross profit margin (before write-down of inventories) for sensing-control chip products increased from 1.8% in 2024 to 12.8% in 2025, primarily due to the launch and successful commercialization of our SCCUs in June 2025, which had a relatively higher gross profit margin than other sensing-control chip products.

Other income and gains, net

Our other net income and gains increased by 9.6% from RMB12.7 million in 2024 to RMB13.9 million in 2025, primarily due to an increase in government grants related to income of RMB2.7 million, primarily in relation to the government grants from Hefei government. In 2025, the government grants received from Hefei government amounted to RMB6.3 million in aggregate. Such grants consisted of the following three main components. The first grant of RMB4.8 million was awarded pursuant to an investment agreement entered into between Anhui Xihe and the Management Committee of Hefei Economic and Technological Development Area. Based on the fulfillment of specific assessment targets, this first grant comprised: (1) R&D subsidy of RMB4.3 million, representing 30% of the annual R&D investment; (2) a rental subsidy of RMB0.3 million; and (3) a renovation subsidy of RMB0.2 million for our R&D and office premises. The second was a Special Grant for Industry Innovation and R&D, which amounted to RMB1.0 million, which we received upon meeting the application criteria under the regional support policies for industry innovation and R&D in the Hefei Economic and Technological Development Area. The third was a bonus of RMB0.5 million through a entrepreneurship competition organized by the Anhui Provincial Department of Human Resources and Social Security.

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The significant increase in government grants from the Hefei government in 2025 was primarily due to the timing of the disbursement of such grants. Specifically, we submitted the application for the first RMB5.3 million grant under the aforementioned investment agreement in 2024 upon meeting the relevant performance milestones, and the local government authority completed the review and approval process and disbursed the funds in 2025. This cross-period settlement resulted in a substantially higher amount of government grants actually received and recognized in 2025 compared to previous years.

Selling and distribution expenses

Our selling and distribution expenses increased by 4.0% from RMB26.8 million in 2024 to RMB27.9 million in 2025, primarily due to an increase in staff costs of RMB1.6 million, mainly as a result of the increase of the equity-based share-based payments for further incentivizing our staff.

Administrative expenses

Our administrative expenses increased by 19.4% from RMB45.8 million in 2024 to RMB54.6 million in 2025, primarily due to the [REDACTED] in relation to the [REDACTED] of RMB[REDACTED] million.

Research and development expenses

Our research and development expenses increased by 7.7% from RMB86.8 million in 2024 to RMB93.5 million in 2025, primarily due to an increase in materials and consumables of RMB5.8 million, mainly as a result of the tape-out for multiple new products of our AI Scaler, STDI chips and TMCUs, in line with our research and development progress.

Impairment losses on financial assets, net

We recorded an impairment loss on financial assets of RMB2.0 million and RMB1.1 million in 2024 and 2025, respectively.

Finance costs

Our finance costs increased significantly from RMB1.0 million in 2024 to RMB2.7 million in 2025, primarily due to an increase in interest on bank borrowings of RMB1.8 million.

Loss for the year

As a result of the foregoing, our loss for the year increased by 17.0% from RMB80.8 million in 2024 to RMB94.5 million in 2025.

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenue

Our revenue increased by 62.6% from RMB150.1 million in 2023 to RMB244.1 million in 2024, primarily due to the increase of our revenue from AI Scaler.

- **Display chip products.** Our revenue from display chip products increased significantly from RMB134.5 million in 2023 to RMB237.6 million in 2024, primarily attributable to an increase in our revenue from AI Scaler from RMB134.5 million in 2023 to RMB235.6 million in 2024, mainly as a result of an increase in its sales volume from 16.0 million units in 2023 to 37.0 million units, owing to the positive market response to our new AI Scaler due to its robust specifications with competitive pricing. The robust specifications of our new AI Scaler launched in 2024 are characterized by several technical features, including the integration of on-chip RAM and support for DSC 10-bit, 3k resolution, and LTPO technology. Furthermore, our 2024 AI Scaler support high input refresh rates of up to 144Hz and Pentile MIPI output formats. Notably, our 2024 AI Scaler was the first to support the eDP interface, filling a technological gap in the ASIC scaler industry according to the F&S Report. In addition to these robust specifications, we adopted a competitive pricing strategy to accelerate market

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penetration. In 2024, the average selling price of our AI Scaler was approximately RMB6.4 per unit, which was significantly more attractive compared to the then prevailing industry average of RMB10 to RMB20 per unit. This combination of robust-performance features and competitive pricing allowed us to achieve a substantial increase in sales volume of AI Scaler in 2024.

- ***Sensing-control chip products.*** Our revenue from sensing-control chip products decreased significantly from RMB15.6 million in 2023 to RMB6.4 million in 2024, primarily due to a decrease in our revenue from touch ICs from RMB13.9 million in 2023 to RMB3.4 million in 2024, mainly as a result of a decrease in its sales volume from 11.6 million units in 2023 to 5.2 million units in 2024, owing to our strategy in discontinuing the legacy generation and allocating our resources to the research and development of the new generation of touch ICs and other product lines. Our strategy in discontinuing the legacy generation of touch ICs was carefully made after considering (i) the smaller relative market opportunity and lower performance of such legacy generation touch ICs, compared with our other product lines, (ii) the ongoing industry transition toward a new technology-based solutions for mobile displays, which reduced the commercial attractiveness of such legacy generation touch ICs, and (iii) the greater near-term market urgency and product continuity associated with our other product lines, in particular AI Scaler, for which we prioritized upgrades in 2024. In term of the technological transition, such legacy generation touch ICs were standalone chips limited to single-touch coordinate reporting for traditional Thin-Film Transistor Liquid Crystal Display (TFT LCD) screens. As the industry transitioned to “in-cell” technology, which demands higher touch precision and integration, these single-function legacy touch ICs became technologically obsolete. They were superseded by touch and display driver integration chips that combine touch and display functions. Recognizing that legacy touch ICs could no longer meet market needs, we discontinued them. Compared to these obsolete standalone legacy touch ICs, our current product focus, such as STDI chips, features a highly integrated architecture, touch control, and display driver functionalities, effectively addressing the transition of the display technologies. Furthermore, the discontinued legacy models are fundamentally different from the touch ICs that are still sold by our Group, as they target completely distinct downstream markets and application scenarios. While the legacy models were basic capacitive touch ICs primarily designed for traditional mobile phone displays, our currently sold touch ICs are advanced capacitive sensing ICs specifically applied in the AI smart wearable products sector, engineered to enable wear detection and human-machine interaction functions.

Cost of sales

Our cost of sales increased by 48.3% from RMB117.9 million in 2023 to RMB174.8 million in 2024, primarily due to an increase in direct material costs of RMB46.3 million, which was generally in line with the increase in the sales volume of AI Scaler in 2024.

The write-down of inventories increased from RMB1.7 million in 2023 to RMB7.2 million in 2024, primarily because we discontinued the legacy generation of certain touch ICs and, having assessed that the related work in progress and raw materials could no longer be used for production or sale, we fully wrote down and scrapped the relevant inventories.

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Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB32.3 million in 2023 to RMB69.3 million in 2024. Our gross profit margin increased from 21.5% in 2023 to 28.4% in 2024.

- **Display chip products.** Our gross profit margin (before write-down of inventories) for display chip products increased from 21.7% in 2023 to 32.2% in 2024, primarily due to an increase in our gross profit margin (before write-down of inventories) for AI Scaler, mainly as a result of (1) our enhanced R&D capability which enabled us to decrease the unit costs of our chips. In particular, our enhanced R&D capability enabled the architecture optimization and layout compaction at the same foundry node, so we achieved higher transistor density and a more efficient functional layout, which reduced the die area of our chips. A smaller die area allows more gross dies to be obtained from each wafer, which dilutes the wafer cost per unit; as a result, the unit costs of our chips decreased, and (2) continuous cost optimization driven by our accumulated production experience and increasing sales volume. Specifically, such cost optimization was achieved through the following:
 - **Enhanced bargaining power in our upstream supply chain.** As our sales scale and procurement volume expanded in 2024, our bargaining power with upstream suppliers was significantly strengthened. We effectively reduced the procurement costs of our core raw materials and services through centralized procurement, strategic supplier layout, and entering into long-term cooperation agreements with our core wafer foundries and packaging and testing service providers.
 - **Improved product yield rates diluting unit fixed costs.** We deepened our accumulation of production process know-how. By continuously optimizing production workflows, strengthening on-site management, and strictly controlling process parameters, we leveraged our extensive production experience to significantly improve the comprehensive yield rates of our product projects, thereby effectively diluting our unit fixed costs.
 - **Implementation of lean production in testing processes.** We significantly reduced testing time in our backend testing phase by deeply optimizing test program codes, eliminating redundant test items, and improving parallel testing efficiency. For instance, for certain high-volume product models, we successfully compressed the per-chip testing time through optimized testing algorithms and workflows. This reduction in testing time directly decreased the occupation duration of testing machines, which improved our equipment utilization rate at a constant production capacity, thereby lowering the allocated testing cost per unit and reducing retesting expenses and machine time losses.
- **Sensing-control chip products.** Our gross profit margin (before write-down of inventories) for sensing-control chip products decreased from 30.6% in 2023 to 1.8% in 2024, primarily due to our strategic discontinuation of the legacy generation of certain touch ICs, which had a relatively higher gross profit margin than other sensing-control chip products. Despite their legacy status and relatively lower performance, these touch ICs commanded a higher gross profit margin primarily because they primarily served an established base of certain existing customers who had well-defined performance requirements and faced high switching costs to change suppliers, which enabled us to maintain favorable pricing for these legacy touch ICs. As we executed the strategy to discontinue these legacy touch ICs, their revenue contribution to our sensing-control chip products declined substantially, which consequently lowered the overall gross profit margin of this business segment. Specifically, our revenue from touch ICs decreased from RMB13.9 million in 2023 to RMB3.4 million in 2024, and its proportion to the total revenue of sensing-control chip products decreased from approximately 88.9% in 2023 to 52.5% in 2024. For details of our strategic discontinuation of the legacy generation of certain touch ICs, see “—Period to Period Comparison of Results of Operations—Year ended December 31, 2024 Compared to Year ended December 31, 2023—Revenue.”

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Other income and gains, net

Our other net income and gains remained relatively stable at RMB12.8 million in 2023 and RMB12.7 million in 2024.

Selling and distribution expenses

Our selling and distribution expenses decreased by 5.3% from RMB28.4 million in 2023 to RMB26.8 million in 2024, primarily due to a decrease in staff costs of RMB3.8 million, mainly driven by the decrease in equity-settled share-based payment expenses, as a substantial amount of equity-settled share-based payment expenses was recognized in 2023.

Administrative expenses

Our administrative expenses remained relatively stable at RMB43.3 million in 2023 and RMB45.8 million in 2024.

Research and development expenses

Our research and development expenses decreased by 30.3% from RMB124.7 million in 2023 to RMB86.8 million in 2024, primarily due to (1) a decrease in staff costs of RMB24.1 million, mainly as a result of our strategy in streamlining an automotive-grade sensing-control chip R&D project, with longer expected commercialization timeline, and allocating our research and development resources to focus on our main business lines for a more focused and efficient R&D investment structure, and (2) a decrease in materials and consumables of RMB14.7 million, mainly as a result of fewer tape-out conducted in 2024, in line with our research and development progress.

Impairment losses on financial assets, net

Our net impairment losses on financial assets increased significantly from RMB0.5 million in 2023 to RMB2.0 million in 2024, primarily due to an increase in net impairment losses on trade receivable of RMB1.6 million.

Finance costs

Our finance costs remained relatively stable at RMB1.0 million in both 2023 and 2024.

Loss for the year

As a result of the foregoing, our loss for the year was RMB153.4 million and RMB80.8 million in 2023 and 2024, respectively.

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DISCUSSION OF MAJOR ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	14,617	9,630	5,719
Right-of-use assets	7,389	3,211	1,181
Intangible assets	8,117	7,748	16,838
Investments in an associate	—	—	—
Deposits	496	486	561
Debt investments at FVOCI	20,729	—	20,000
Equity investment designated at FVOCI	7,000	8,000	10,000
Total non-current assets	58,348	29,075	54,299
CURRENT ASSETS			
Inventories	41,253	51,103	123,049
Trade and bill receivables	5,846	5,739	12,183
Prepayments, deposits and other receivables	30,988	25,150	63,783
Financial assets at FVPL	126,641	163,804	10,000
Cash and cash equivalents	87,675	37,615	196,533
Total current assets	292,403	283,411	405,548
CURRENT LIABILITIES			
Trade payables	10,330	9,683	17,827
Contract liabilities	21,128	20,792	20,984
Other payables and accruals	31,086	18,322	47,527
Interest-bearing bank borrowings	11,600	59,255	89,503
Lease liabilities	3,468	2,202	1,276
Tax Payable	—	289	29
Total current liabilities	77,612	110,543	177,146
NET CURRENT ASSETS	214,791	172,868	228,402
TOTAL ASSETS LESS CURRENT LIABILITIES	273,139	201,943	282,701
NON-CURRENT LIABILITIES			
Lease liabilities	4,412	1,200	159
Other payables and accruals	—	—	7,303
Deferred income	746	497	3,475
Total non-current liabilities	5,158	1,697	10,937
Net assets	267,981	200,246	271,764
EQUITY			
Equity attributable to owners of the parent			
Share capital	—	—	10,152
Paid-in capital	9,715	9,715	—
Reserves	258,266	190,531	260,315
Non-controlling interests	—	—	1,297
Total equity	267,981	200,246	271,764

For details of the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investment, see Note 32 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment consist primarily of (1) leasehold improvements, (2) electronic equipment, (3) modules and tools, and (4) furniture and fixtures. The following table sets forth the details of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Leasehold improvements	4,422	2,331	1,081
Electronic equipment	6,098	3,865	2,146
Modules and tools	3,910	3,356	2,456
Furniture and fixtures	187	78	36
Total	14,617	9,630	5,719

Our property, plant and equipment decreased by 34.1% from RMB14.6 million as of December 31, 2023 to RMB9.6 million as of December 31, 2024, primarily due to (1) a decrease in leasehold improvements of RMB2.1 million, and (2) a decrease in electronic equipment of RMB2.2 million, both of which were mainly attributable to depreciation.

Our property, plant and equipment decreased by 40.6% from RMB9.6 million as of December 31, 2024 to RMB5.7 million as of December 31, 2025, primarily due to a decrease in electronic equipment of RMB1.7 million, which was mainly attributable to depreciation.

Right-of-use Assets

Our right-of-use assets consist of the properties leased primarily for our R&D facilities and office. Our right-of-use assets decreased by 56.5% from RMB7.4 million as of December 31, 2023 to RMB3.2 million as of December 31, 2024, primarily because we terminated lease contracts for certain leased properties to optimize our expenses. Our right-of-use assets decreased by 63.2% from RMB3.2 million as of December 31, 2024 to RMB1.2 million as of December 31, 2025, primarily due to depreciation.

Intangible Assets

Our intangible assets consist primarily of (1) IP licenses, primarily in relation to ARM[®] CPU core, eFlash IP and OTP, and (2) software. The following table sets forth the details of our intangible assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
IP licenses	7,050	5,867	4,832
Software	1,067	1,881	12,006
Total	8,117	7,748	16,838

Our intangible assets remained relatively stable at RMB8.1 million and RMB7.7 million as of December 31, 2023 and 2024, respectively. Our intangible assets increased by 117.3% from RMB7.7 million as of December 31, 2024 to RMB16.8 million as of December 31, 2025, primarily due to an increase of RMB10.1 million in software, mainly as a result of procurement of EDA development software, which is generally in line with our business growth.

Debt Investments at FVOCI

Our debt investments at FVOCI represents our negotiable certificate deposit. Our debt investments at FVOCI decreased from RMB20.7 million as of December 31, 2023 to nil as of December 31, 2024, and then increased to RMB20.0 million as of December 31, 2025, due to the purchase and disposal of such certificate deposit.

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Equity Investment Designated at FVOCI

Our equity investment designated at FVOCI represents our equity investment in Wuhu Ruite Microelectronics Co., Ltd. (“Wuhu Ruite”) and Hefei Ruituo Microelectronics Co., Ltd. (“Hefei Ruituo”). Such equity investment was irrevocably designated at FVOCI as we consider such investment to be strategic in nature.

In March 2022, we acquired 2% equity interest in Wuhu Ruite at a consideration of RMB10.0 million. The principal activity of Wuhu Ruite is the research and development of micro controller unit chips. The consideration is determined with reference to the equity valuation of Wuhu Ruite as of the date of investment. In September 2023, due to the internal group structure reorganization, the shareholders of Wuhu Ruite determined to deregister Wuhu Ruite and replace the equity interest in Wuhu Ruite by the equity interest in Hefei Ruituo, a subsidiary of Wuhu Ruite. Accordingly, we entered into a share transfer agreement with Wuhu Ruite and its shareholders, pursuant to which Wuhu Ruite has agreed to transfer its 4% equity interest in Hefei Ruituo to us at nil consideration in order to replace our original investment in Wuhu Ruite. Upon completion of the above transaction in 2023, our 2% equity interest in Wuhu Ruite was converted into a 4% equity interest in Hefei Ruituo. Our equity investment designated at FVOCI amounted to RMB7.0 million, RMB8.0 million and RMB10.0 million as of December 31, 2023, 2024 and 2025, respectively, representing the fair value of our investment in Hefei Ruituo, based on the enterprise value of Hefei Ruituo as appraised by valuer.

Inventories

Our inventories consist primarily of (1) finished goods, (2) work in progress, which consisted of semi-finished products that have completed mid-stage testing or packaging but have not undergone final testing, and (3) raw materials. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	15,172	18,590	46,463
Work in progress	19,930	23,706	44,429
Raw materials	6,151	8,807	32,157
Total	41,253	51,103	123,049

Our inventories increased by 23.9% from RMB41.3 million as of December 31, 2023 to RMB51.1 million as of December 31, 2024, primarily due to (1) an increase in work in progress of RMB3.8 million, (2) an increase in finished goods of RMB3.4 million, and (3) an increase in raw materials of RMB2.7 million, all of which were attributable to our continued strategic stocking to maintain stable delivery capability amid growing sales of mass-produced chips and progress in new customer projects. Our inventories increased significantly from RMB51.1 million as of December 31, 2024 to RMB123.0 million as of December 31, 2025, primarily driven by (1) an increase in finished goods of RMB27.9 million, (2) an increase in work in progress of RMB20.7 million, and (3) an increase in raw materials of RMB23.4 million, all of which were attributable to our continued strategic stocking due to the continuing growth of our existing products in 2024 and the successful commercialization of the SCCUs in 2025.

The following table sets forth an aging analysis of our inventories, based on the transaction date, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	41,246	47,214	121,463
One to two years	7	3,889	1,586
Total	41,253	51,103	123,049

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The following table sets forth our inventory turnover days for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	119	105	130

- (1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 360 days for a given year).

Our inventory turnover days decreased from 119 days in 2023 to 105 days in 2024, primarily due to successful product iterations and mass production of multiple products as well as sustained market demand for our products, which collectively expanded sales scale and improved our inventory turnover efficiency. Our inventory turnover days then increased to 130 days in 2025 primarily due to our continued strategic stocking due to the continuing growth of our existing products and the successful commercialization of the SCCUs in 2025.

As of April 30, 2026, RMB63.8 million, or 45.7%, of our inventories as of December 31, 2025 had been sold or otherwise consumed.

Inventories are stated at the lower of cost and net realizable value, which is determined based on estimated selling prices in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. In assessing impairment provisions for inventories, we have considered that: (1) approximately 100.0%, 92.4% and 98.7% of our inventories have an aging of less than one year as of December 31, 2023, 2024 and 2025, respectively, and (2) both raw materials and finished goods have relatively long product life cycles and sustained market value. Accordingly, as of December 31, 2023, 2024 and 2025, our allowance for inventory write-down were RMB3.3 million, RMB6.4 million and RMB16.7 million, representing 7.4%, 11.1% and 11.9% of the respective gross amounts of inventories, respectively. Our Directors consider that adequate impairment provisions had been made for inventories and there had been no impairment issue for inventories during the Track Record Period.

Trade and Bill Receivables

Our trade and bill receivables mainly represented outstanding amounts receivable from our direct sales customers. We maintain strict control over our outstanding trade and bill receivables and oversee our trade receivables to minimize credit risk. Our senior management regularly review the overdue balances and conducts periodic reconciliations with the sales staff. The following table sets forth details of our trade and bill receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	6,988	8,809	13,146
Bill receivables	—	—	150
Less: Allowance for impairment of trade receivables	(1,142)	(3,070)	(1,113)
Total	5,846	5,739	12,183

Our trade and bill receivables remained relatively stable at RMB5.8 million as of December 31, 2023 and RMB5.7 million as of December 31, 2024. Our trade and bill receivables increased significantly from RMB5.7 million as of December 31, 2024 to RMB12.2 million as of December 31, 2025, primarily due to (1) the growth of our revenue in 2025, and (2) the trade and bill receivables in relation to the newly launched SCCUs in 2025.

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The following table sets forth an aging analysis of our trade receivables, based on the transaction date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	1,620	1,752	11,547
One to two years	4,226	1,346	486
Two to three years	–	2,641	–
Total	5,846	5,739	12,033

We have implemented measures to enhance the collection and management of our trade and bill receivables. Our business department specialists are responsible for breaking down accounts receivable according to contractually agreed payment schedules, reminding the sales department to initiate collection during the period when payment milestones are reached, while also flagging overdue payments through task reminders to prompt collection follow-up. Additionally, we have aligned the performance-based compensation of relevant sales personnel to actual payment collection progress. Furthermore, our business department regularly circulates sales reports summarizing payment statuses, with separate notifications issued to project managers for severely delinquent cases. Our sales personnel will first contact customers with payment notices and issue formal payment reminder letter if the customer is irresponsive. We will also escalate the issue to legal demand letter and other legal procedures in severe cases where appropriate.

We primarily settle with our customers by prepayment before delivery. For the limited cases where we sell on credit, the credit period with our customers for sales on credit is generally 30 to 90 days. The following table sets forth our trade receivables turnover days for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	28	12	11

(1) The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 360 days for a given year).

Our trade receivables turnover days decreased from 28 days in 2023 to 12 days in 2024, and remained relatively stable at 11 days in 2025, primarily due to our continuing strengthened collection management and the broader adoption of the prepayment arrangement.

As of April 30, 2026, RMB8.8 million, or 66.2% of our trade receivables as of December 31, 2025 had been settled.

We do not anticipate any material recoverability issues in respect of our trade receivables, primarily for the following reasons:

- (1) We continuously and prudently assess the credit quality of our customers, taking into account their business background, financial condition, historical transaction experience, and other relevant factors, and taking appropriate proactive follow-up actions to ensure timely payment;
- (2) Throughout the Track Record Period, we have not experienced any material losses in respect of trade receivables, as the majority of such receivables arise from customers with strong credit profiles, and there has been no history of material default on payment obligations by these customers;
- (3) As of December 31, 2025, over 95% of our trade receivables were aged within one year;

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- (4) For key customers with receivables aged over one year, specific repayment plans have been established, and repayments are progressing in accordance with the agreed schedules; and
- (5) As of April 30, 2026, RMB8.8 million, or 66.2% of our trade receivables as of December 31, 2025 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consisted of (1) prepayments, (2) value-added tax recoverable, (3) deposits and other receivables (both current and non-current), and (4) deferred [REDACTED]. The following table sets forth details of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current			
Prepayments	17,686	10,549	41,951
Value-added tax recoverable	11,008	10,619	18,962
Deposits and other receivables ⁽¹⁾	2,489	4,266	4,091
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less: Impairment ⁽¹⁾	(195)	(284)	(3,190)
Total	30,988	25,150	63,783
Non-current			
Deposits ⁽¹⁾	496	486	561

- (1) Deposits and other receivables are unsecured and non-interest-bearing. Included in deposits and other receivables is an amount due from an associate of RMB1.9 million, RMB3.0 million and nil, which is net of impairment of RMB0.1 million, RMB0.2 million and RMB3.1 million as of December 31, 2023, 2024 and 2025, respectively, which bears an interest rate at 4% per annum. The amount due from such associate was fully impaired as of December 31, 2025 due to recoverability issue, because this associate ceased its operation as it did not achieve expected R&D outcome.

Our prepayments, deposits and other receivables (current portion) decreased by 18.8% from RMB31.0 million as of December 31, 2023 to RMB25.2 million as of December 31, 2024, primarily due to a decrease in prepayments of RMB7.1 million, mainly as a result of improved supply chain management, including the successful introduction of new wafer foundries and packaging and testing service providers with better payment terms and credit structures, reducing prepayment ratios. Our prepayments, deposits and other receivables (current portion) increased significantly by 153.6% from RMB25.2 million as of December 31, 2024 to RMB63.8 million as of December 31, 2025, primarily due to (1) an increase of prepayment of RMB31.4 million, mainly as a result of our strategic stocking of storage chips in response to the price surge in 2025, in particular for our SCCUs and other new products, which resulted in higher advance payments to suppliers, and (2) an increase in value-added tax recoverable of RMB8.3 million, primarily due to higher VAT incurred on increased procurement activities and the new VAT favorable policy.

As of April 30, 2026, RMB35.7 million, or 53.3% of our prepayments, deposits and other receivables (current portion) as of December 31, 2025 had been settled.

Our prepayments, deposits and other receivables (non-current portion) comprised deposits and other receivables, which were RMB0.5 million, RMB0.5 million and RMB0.6 million as of December 31, 2023, 2024 and 2025, respectively.

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Financial Assets at FVPL

Our financial assets at FVPL consisted of (1) wealth management products, and (2) structured deposits. The following table sets forth the details of our financial assets at FVPL as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Wealth management products	116,641	123,804	–
Structured deposits	10,000	40,000	10,000
Total	126,641	163,804	10,000

Our financial assets at FVPL increased by 29.3% from RMB126.6 million as of December 31, 2023 to RMB163.8 million as of December 31, 2024, primarily due to the deployment of temporarily idle funds into bank wealth management products following the receipt of capital injection proceeds in 2023. Our financial assets at FVPL decreased by 93.9% from RMB163.8 million as of December 31, 2024 to RMB10.0 million as of December 31, 2025, primarily due to a reduction in investments in wealth management products, mainly as a result of the centralized redemption of wealth management products upon maturity, and adjustments to the allocation of wealth management products in response to changes in market interest rates.

Investment Management Policy

We believe we can make better use of our surplus cash by making appropriate investments in low-risk investment products including structured deposits, time deposits, large denomination certificates of deposit, and low-risk bonds, which generate income without interfering with our business operation or capital expenditures. We have established policies prohibiting high-risk investments. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal control measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. These policies and measures were formulated by our senior management.

We have also established a set of internal control measures designed to achieve a reasonable return on investments while effectively reducing exposure arising from high-risk investments. Specific internal control measures include (1) opening investment and wealth-management accounts in our Company’s name only and prohibiting the use of accounts of any other entity or individual, (2) prohibiting the pledge of wealth management funds, (3) segregating the roles of applicant, reviewer and approver for wealth management transactions, with oversight by our internal audit department, and (4) granting the independent non-executive Directors the authority to supervise and inspect the use of funds for wealth management purposes and, where necessary, to engage professional institutions to conduct audits.

For day-to-day operations involving the wealth management of idle funds, our finance department is responsible for review and execution; any single investment exceeding RMB5 million must be reviewed by the head of our finance department and submitted to the deputy general manager for approval; and for more material investment management matters, such as product selection, engagement with counter parties and the formulation of wealth management plans, our finance department prepares proposals and completes the corresponding approval procedures in accordance with our Company’s authorization matrix.

For strategic external investments, such as equity investments and project investments, we implement a tiered decision-making mechanism: the chief executive officer exercises decision-making authority within the scope authorized by applicable laws and regulations and our Articles of Association; and our Board of makes decisions within the scope prescribed by applicable laws and regulations, the Articles of Association, or as authorized by the general meeting of Shareholders. Where a potential investment is of particular significance to our Company or exceeds the established authorization limits, it will be submitted to the Board or the general meeting of shareholders for consideration in accordance with the relevant internal policy and our Articles of Association.

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We follow the principle of safeguarding capital security while balancing liquidity and moderate returns in our investment and wealth management activities. We believe that our internal policies regarding financial products and the related risk management mechanism are adequate. We may continue to purchase financial products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the completion of the [REDACTED]. We will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments and other notifiable transactions to the extent necessary and as appropriate after the [REDACTED].

Cash and Cash Equivalent

See “—Liquidity and Capital Resources—Cash Flows.” During the Track Record Period, most of our bank balances were denominated in Renminbi.

Trade Payables

Our trade payables were relatively stable at RMB10.3 million, RMB9.7 million as of December 31, 2023 and 2024, respectively. Our trade payables increased from RMB9.7 million as of December 31, 2024 to RMB17.8 million as of December 31, 2025, primarily due to the launch of our SCCUs and business expansion, which resulted in a substantial increase in raw material procurement and packaging and testing requirements, leading to higher payables to suppliers.

The following table sets forth an aging analysis of our trade payables, based on the invoice dates, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	5,201	4,399	17,668
Over one year	5,129	5,284	159
Total	10,330	9,683	17,827

Our suppliers generally grant us a credit period of 30 to 90 days. The following table sets forth our trade payables turnover days for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	29	21	18

(1) Trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the same period, multiplied by the number of days in that period (i.e., 360 days for a given year).

Our trade payables turnover days decreased from 29 days in 2023 to 21 days in 2024, and remained relatively stable at 18 days in 2025, primarily because we proactively settled payments with suppliers to secure faster delivery of raw materials, which supported our accelerated production and shipment schedules.

As of April 30, 2026, RMB17.7 million, or 99.3%, of our trade payables as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities consisted of advance payments from customers, as we generally adopt a prepayment arrangement. Our contract liabilities remained relatively stable at RMB21.1 million, RMB20.8 million and RMB21.0 million as of December 31, 2023, 2024 and 2025, respectively.

As of April 30, 2026, RMB17.2 million, or 82.0% of our contract liabilities as of December 31, 2025 had been settled.

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Other Payables and Accruals

Our other payables and accruals primarily consisted of payroll payables, advance from an investor, other tax payables, other payables and accruals, borrowings from a non-controlling shareholder and payable for purchase of intangible assets. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current liabilities			
Payroll payables	25,271	14,700	16,428
Advance payment from an investor	—	—	19,090
Other tax payables	2,775	3,124	3,165
Other payables and accruals	3,040	498	7,844
Borrowings from a non-controlling shareholder	—	—	1,000
Subtotal	31,086	18,322	47,527
Non-current liabilities			
Payable for purchase of intangible assets	—	—	7,303
Total	31,086	18,322	54,830

Our other payables and accruals decreased by 41.1% from RMB31.1 million as of December 31, 2023 to RMB18.3 million as of December 31, 2024, primarily due to a decrease in payroll payables of RMB10.6 million, mainly as a result of business adjustments and optimization of employee headcount. Our other payables and accruals increased by 199.3% from RMB18.3 million as of December 31, 2024 to RMB54.8 million as of December 31, 2025, primarily due to an increase in advance payment from an investor and an increase in payable for purchase of intangible assets mainly including payables accrued for the procurement of EDA development software, and for the [REDACTED] in relation to the [REDACTED].

As of April 30, 2026, RMB47.4 million, or 99.7% of our other payables and accruals as of December 31, 2025 had been settled.

Share Capital and Paid-in Capital

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	(RMB in thousands)
As of January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each (note c)	9,715	9,715
Issue of ordinary shares (note a)	437	437
As of December 31, 2025	10,152	10,152

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Paid-in capital

	Registered and paid-in capital
	(RMB in thousands)
As of January 1, 2023	6,939
Capital contribution by shareholders (<i>note b</i>)	2,776
As of December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	9,715
Conversion into a joint stock company (<i>note c</i>)	(9,715)
As of December 31, 2025	—

Notes:

- (a) Pursuant to the approval in the shareholders’ meeting in 2025, 437,000 shares of RMB1.00 each were issued to certain investors at a total consideration of RMB131,771,000, which has been fully paid during the year ended December 31, 2025. The capital contribution has increased the share capital and capital reserve by RMB437,000 and RMB131,334,000, respectively.
- (b) Pursuant to the approval in the shareholders’ meeting in 2023, the registered capital of our Company was increased from RMB6,939,000 to RMB9,715,000. The increase in registered capital of RMB2,776,000 was subscribed by certain investors, including certain directors of our Company, at a total consideration of RMB288,307,000, which has been fully paid during the year ended December 31, 2023. The capital contributions has increased the paid-in capital and capital reserve by RMB2,776,000 and RMB285,531,000, respectively.
- (c) Pursuant to the approval in the shareholders’ meeting held in October 2025, our Company was converted from a limited liability company into a joint stock limited company on November 5, 2025. Upon conversion, the net assets of our Company as of August 31, 2025 were capitalised into 9,715,000 ordinary shares with a nominal value of RMB1.00 each, which were allotted to the existing shareholders in proportion to their respective interests prior to the conversion. The excess of net assets value as of August 31, 2025 over the nominal value of the share capital was recorded as capital reserve of our Company.

Pursuant to the shareholders’ agreements entered into during the Track Record Period (collectively, the “Agreements”), the Pre-[REDACTED] Investors subscribed for RMB4,189,000 capital of our Company for a total net cash proceed of approximately RMB566,300,000. Pursuant to the Agreements, the Pre-[REDACTED] Investors were granted by our Company with Special Rights which included redemption rights and liquidation preferences rights.

There was no exercise of the Special Rights throughout the Track Record Period.

On October 13, 2025, our Company and all of its shareholders (including the Pre-[REDACTED] Investors subsequently entered into the Supplemental Agreements, agreeing that the certain of the Special Rights granted by our Company to the Pre-[REDACTED] Investors, including redemption rights and liquidation preferences rights, have been irrecoverably terminated and shall be *void ab initio*. Taking into account the legal and regulatory framework of our Company’s jurisdiction and the governing law of the Supplemental Agreements, our Directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Track Record Period.

Had the redemption rights and liquidation preferences rights granted by our Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements, (i) the redemption financial liabilities, total current liabilities, net liabilities and net current liabilities would have been:

	As of December 31,	
	2023	2024
	(RMB in thousands)	
Redemption financial liabilities	606,923	651,629
Total current liabilities	684,535	762,172
Net liabilities	338,942	451,383
Net current liabilities	392,132	478,761

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and (ii) the finance costs associated with the redemption financial liabilities, and the net loss for each of the Track Record Period would have been:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands except for per share value)		
Financial costs associated with the redemption financial liabilities	(33,584)	(44,706)	(29,682)
Total net loss	(187,005)	(125,526)	(124,228)
Basic and dilutive loss per share (RMB)	(22.69)	(12.92)	(12.79)

For details of the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investment, see Note 32 to the Accountants’ Report in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund our procurement of raw materials, R&D activities and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from equity financing, and borrowings. After the [REDACTED], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net [REDACTED] from the [REDACTED]. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had cash and cash equivalents of RMB87.7 million, RMB37.6 million, RMB196.5 million and RMB86.3 million, respectively. As of the same dates, we had debt investments at FVOCI (representing negotiable certificate deposit) of RMB20.7 million, nil, RMB20.0 million and RMB70.0 million, respectively. As of the same dates, we had financial assets at FVPL (representing wealth management products and structured deposits) of RMB126.6 million, RMB163.8 million, RMB10.0 million and RMB50.1 million, respectively. As of April 30, 2026, our committed unutilized banking facilities available for use were RMB220.0 million. We do not anticipate any material changes to the availability of financing to fund our operations in the future. Taking into account the financial resources available to us, including our cash and cash equivalents, debt investments at FVOCI representing negotiable certificate deposit, financial assets at FVPL representing wealth management products and structured deposits, available bank facilities and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) payments for the purchases of property, plant and equipment and intangible assets, and (3) lease payments. Our historical cash burn rate was RMB13.4 million for the year ended December 31, 2025. We had cash and cash equivalents, debt investments at FVOCI, and financial assets at FVPL of RMB86.3 million, RMB70.0 million and RMB50.1 million as of April 30, 2026, respectively. As of April 30, 2026, our bank facilities available for use were RMB220.0 million. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range in this Document. Assuming that the average cash burn rate going forward will be RMB13.4 million, similar to the cash burn rate level for the year ended December 31, 2025 based on the underlying assumptions that (1) the number of our employees will not increase significantly; (2) we do not expect substantial capital investment; and (3) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents, financial assets at FVPL, and bank facilities available for use as of April 30, 2026, will be able to maintain our financial viability for [REDACTED] months or, if we take into account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings, with a minimum buffer of 12 months.

FINANCIAL INFORMATION

Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating loss before changes in working capital	(119,385)	(49,292)	(39,053)
Working capital changes	(2,993)	(25,817)	(110,129)
Cash used in operations	(122,378)	(75,109)	(149,182)
Interest received	622	500	188
Tax payable	–	(299)	(359)
Net cash used in operating activities	(121,756)	(74,908)	(149,353)
Net cash flows (used in)/from investing activities . . .	(127,907)	(18,764)	127,639
Net cash generated from financing activities	275,427	43,641	181,018
Cash and cash equivalent at beginning of the year . .	61,437	87,675	37,615
Cash and cash equivalent at end of year	87,675	37,615	196,533

Net cash used in operating activities

We expect that our measures to improve profitability will enhance our operating cash flow condition over time. For details, see “Business—Path to Profitability.” In addition, we plan to continuously improve our net operating cash outflow position by (1) expanding our high-margin businesses, including our AI Scaler and TMCUs, and (2) using strategic R&D investment and optimizing supply chain to reduce costs and strengthen product competitiveness.

Net cash used in operating activities was RMB149.4 million in 2025, primarily due to our loss before tax of RMB94.4 million, as adjusted by (1) certain non-cash and non-operating items, primarily including (i) equity-settled share-based payments of RMB31.3 million, (ii) write-down of inventories to net realizable value of RMB10.4 million, and (iii) depreciation of property and equipment of RMB6.0 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) increase in inventories of RMB82.3 million, (ii) an increase in prepayments, deposits and other receivables of RMB39.5 million, (iii) an increase in other payables and accruals of RMB4.8 million, and (iv) an increase in trade and bill receivables of RMB9.6 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade payables of RMB13.3 million.

Net cash used in operating activities was RMB74.9 million in 2024, primarily due to our loss before tax of RMB80.5 million, as adjusted by (1) certain non-cash and non-operating items, primarily including (i) equity-settled share-based payments of RMB12.1 million, (ii) write-down of inventories to net realizable value of RMB7.2 million, (iii) depreciation of property and equipment of RMB6.9 million, and (iv) amortization of intangible assets of RMB3.4 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) increase in inventories of RMB12.9 million, and (ii) decrease in other payables and accruals of RMB12.5 million, partially offset by changes in working capital that positively affected our cash flows, primarily including a decrease in prepayments, deposits and other receivables of RMB2.6 million.

Net cash used in operating activities was RMB121.8 million in 2023, primarily due to our loss before tax of RMB153.4 million, as adjusted by (1) certain non-cash and non-operating items, primarily including (i) equity-settled share-based payments of RMB24.2 million, (ii) depreciation of right-of-use assets of RMB4.2 million, and (iii) depreciation of property and equipment of RMB3.6 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) increase in prepayments, deposits and other receivables of RMB15.7 million, and (ii) an increase in inventories of RMB11.5 million, partially offset by changes in working capital that positively affected our cash flows, primarily including (i) an increase in other payables and accruals of RMB14.6 million, and (ii) a decrease in trade receivables of RMB9.8 million.

FINANCIAL INFORMATION

Net cash flows (used in)/from investing activities

Net cash flows generated from investing activities was RMB127.6 million in 2025, primarily due to proceeds from sale of wealth management products and structured deposits of RMB475.5 million, partially offset by purchases of wealth management products and structured deposits of RMB322.1 million.

Net cash flows used in investing activities was RMB18.8 million in 2024, primarily due to purchases of wealth management products and structured deposits of RMB656.0 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB618.6 million.

Net cash flows used in investing activities was RMB127.9 million in 2023, primarily due to (1) purchases of wealth management products and structured deposits of RMB826.5 million, (2) purchases of debt investments at FVOCI of RMB20.7 million, and (3) purchases of property, plant and equipment of RMB10.5 million, partially offset by proceeds from sale of wealth management products and structured deposits of RMB732.9 million.

Net cash from financing activities

Net cash flows from financing activities was RMB181.0 million in 2025, primarily due to (1) proceeds from issue of shares of RMB136.0 million, and (2) new bank loans of RMB116.8 million, partially offset by repayment of bank loan of RMB86.5 million.

Net cash flows from financing activities was RMB43.6 million in 2024, primarily due to new bank loans of RMB119.1 million, partially offset by repayment of bank loans and other borrowings of RMB71.5 million.

Net cash flows from financing activities was RMB275.4 million in 2023, primarily due to (1) proceeds from issue of shares of RMB288.3 million, and (2) new bank loans of RMB25.0 million, partially offset by (1) repayment of bank loans and other borrowings of RMB33.0 million, and (2) lease payments of RMB4.2 million.

Current Assets and Current Liabilities

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
				(Unaudited)
CURRENT ASSETS				
Inventories	41,253	51,103	123,049	134,553
Trade and bill receivables	5,846	5,739	12,183	14,710
Prepayments, deposits and other receivables	30,988	25,150	63,783	83,270
Financial assets at FVPL	126,641	163,804	10,000	50,095
Cash and cash equivalents	87,675	37,615	196,533	86,280
Total current assets	292,403	283,411	405,548	368,908
CURRENT LIABILITIES				
Trade payables	10,330	9,683	17,827	24,205
Contract liabilities	21,128	20,792	20,984	4,821
Other payables and accruals	31,086	18,322	47,527	10,055
Interest-bearing bank borrowings	11,600	59,255	89,503	72,000
Lease liabilities	3,468	2,202	1,276	1,719
Tax payable	—	289	29	—
Total current liabilities	77,612	110,543	177,146	112,800
NET CURRENT ASSETS	214,791	172,868	228,402	256,108

FINANCIAL INFORMATION

Our net current assets decreased by 19.5% from RMB214.8 million as of December 31, 2023 to RMB172.9 million as of December 31, 2024, primarily due to (1) a decrease in cash and cash equivalents of RMB50.1 million, and (2) an increase in interest-bearing bank borrowings of RMB47.7 million, partially offset by (1) an increase in financial assets at FVPL of RMB37.2 million, (2) a decrease in other payables and accruals of RMB12.8 million, and (3) an increase in inventories of RMB9.9 million.

Our net current assets increased by 32.1% from RMB172.9 million as of December 31, 2024 to RMB228.4 million as of December 31, 2025, primarily due to (1) an increase in cash and cash equivalents of RMB158.9 million, (2) an increase in inventories of RMB71.9 million, and (3) an increase in prepayments, deposits and other receivables of RMB38.6 million, partially offset by (1) a decrease in financial assets at FVPL of RMB153.8 million, (2) an increase in interest-bearing bank borrowings of RMB30.2 million, (3) an increase in contract liabilities of RMB0.2 million, and (4) an increase in other payables and accruals of RMB29.2 million.

Our net current assets increased by 12.1% from RMB228.4 million as of December 31, 2025 to RMB256.1 million as of April 30, 2026, primarily due to (1) an increase in financial assets at FVPL of RMB40.1 million, (2) a decrease in other payables of RMB37.5 million, (3) an increase in prepayments, deposits and other receivables of RMB19.5 million, (4) a decrease in interest-bearing bank borrowings of RMB17.5 million, and (5) a decrease in contract liabilities of RMB16.2 million, partially offset by a decrease in cash and cash equivalent of RMB110.3 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands) (Unaudited)		
Research and development expenses	30,798	14,863	21,437
Workforce employment	110,082	121,110	94,478
Direct production costs	152,943	203,506	406,378
Product marketing	18,172	13,917	23,832
Non-income taxes, royalties and other governmental charges	1,620	3,356	4,532
Contingency allowances	—	—	—

INDEBTEDNESS

Our indebtedness during the Track Record Period primarily consisted of interest-bearing bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current				
Interest-bearing bank borrowings	11,600	59,255	89,503	72,000
Lease liabilities	3,468	2,202	1,276	1,719
Subtotal	15,068	61,457	90,779	73,719
Non-current				
Lease liabilities	4,412	1,200	159	1,318
Subtotal	4,412	1,200	159	1,318
Total	19,480	62,657	90,938	75,037

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Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings were primarily used to finance our working capital requirements and capital expenditures. We had interest-bearing bank borrowings of RMB11.6 million, RMB59.3 million, RMB89.5 million and RMB72.0 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively, all of which were repayable within one year or on demand and denominated in Renminbi. The following table sets forth the breakdown of our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,						As of April 30, 2026	
	2023		2024		2025			
	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000
Bank loans — unsecured . . .	3.05%-4.35%	11,600	2.9%-3%	41,040	2.35%-2.70%	79,503	2.11%-2.41%	72,000
Bank loans — secured ⁽¹⁾ . . .	—	—	3%-3.85%	18,215	2.65%	10,000	—	—
Total		11,600		59,255		89,503		72,000

(1) As of December 31, 2024 and December 31, 2025, bank loans of approximately RMB18.3 million and RMB10.0 million, respectively, were secured by certain patents of our Group.

As of April 30, 2026, our committed unutilized banking facilities available for use were RMB220.0 million.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities represent our obligation to make lease payments arising from our leases of properties and offices. We recorded lease liabilities of RMB7.9 million, RMB3.4 million, RMB1.4 million and RMB3.0 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively.

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024 and 2025 and April 30, 2026, we had no bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

Since April 30, 2026 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of our Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

FINANCIAL INFORMATION

RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our research and development expenditure primarily consisted of research and development expenses adjusted by adding back intangible assets related to research and development acquired from third parties and capitalized and deducting amortization expenses for capitalized intangible assets included in research and development expenditure. The table below sets forth our annual and total research and development expenditure for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development expenses	124,669	86,833	93,500
Adjustments:			
Add: intangible assets acquired from third parties and capitalized	4,035	2,553	12,504
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(2,125)	(1,385)	(1,158)
Annual research and development expenditure	126,579	88,001	104,846
Total research and development expenditure for the three financial years prior to the [REDACTED]			319,426

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development expenses	124,669	86,833	93,500
Selling and distribution expenses	28,360	26,844	27,922
Administrative expenses	43,305	45,763	54,638
Adjustments:			
Add: intangible assets acquired from third parties and capitalized	4,035	2,553	12,504
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(2,125)	(1,385)	(1,158)
Annual total operating expenditure	198,244	160,608	187,406
Total operating expenditure for the three financial years prior to the [REDACTED]			546,258

The table below sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Annual research and development expenditure ratio⁽¹⁾	63.9%	54.8%	55.9%
Total research and development expenditure ratio⁽²⁾			58.5%

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing annual total research and development expenditure for the three financial years prior to the [REDACTED] by total operating expenditure for the three financial years prior to the [REDACTED].

FINANCIAL INFORMATION

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period were primarily related to payments for (1) purchases of property, plant and equipment, and (2) purchases of intangible assets. The following table sets forth our capital expenditures during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of property, plant and equipment .	10,535	1,985	2,119
Purchases of intangible assets	4,035	2,994	6,735
Total	14,570	4,979	8,854

We funded our capital expenditure during the Track Record Period mainly from a combination of existing cash. We plan to fund our planned capital expenditure with a combination of existing cash, and net [REDACTED] from the [REDACTED].

We did not have any material capital commitment during the Track Record Period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

[REDACTED]

We recorded [REDACTED] of [REDACTED], [REDACTED] and RMB[REDACTED] million in 2023, 2024 and 2025, respectively. We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised), including (1) [REDACTED] fees and AFRC [REDACTED] for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) sponsor fee and other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. Our related party transactions during the Track Record Period primarily included sales of goods to Nanning Qingzhi. See Note 37 to the Accountants’ Report included in Appendix I to this document for details. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm’s length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	21.5%	28.4%	21.0%
Current ratio ⁽²⁾	3.8	2.6	2.3
Quick ratio ⁽³⁾	3.2	2.1	1.6

(1) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(2) The calculation of current ratio is based on current assets divided by current liabilities as of year end.

(3) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year end.

Analysis of Key Financial Ratios

Gross profit margin

See “—Period to Period Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current ratio and quick ratio

Our current ratio and quick ratio decreased from 3.8 and 3.2 as of December 31, 2023, respectively, to 2.6 and 2.1 as of December 31, 2024, respectively, primarily due to (1) an increase in interest-bearing bank borrowings, and (2) a decrease in cash and cash equivalents. Our current ratio and quick ratio then decreased to 2.3 and 1.6 as of December 31, 2025, respectively, primarily due to an increase in interest-bearing bank borrowings.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Our principal financial instruments comprise cash and cash equivalents and financial assets at FVOCI. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, other receivables and other payables, which arise directly from our operations.

The main risks arising from our financial instruments are, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below. See Note 40 to the Accountants’ Report included in Appendix I to this document for details.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. See Note 40 to the Accountants’ Report included in Appendix I to this document for details.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations. See Note 40 to the Accountants’ Report included in Appendix I to this document for details.

FINANCIAL INFORMATION

DIVIDENDS

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached 50% or more of our registered capital. As of the Latest Practicable Date, we did not have a formal dividend policy. No dividend has been paid or declared by us during the Track Record Period. We did not have a pre-determined dividend payout ratio as of the Latest Practicable Date.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the end date of the periods reported in Appendix I to this document) and there is no event since December 31, 2025, which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details of our unaudited [REDACTED] adjusted consolidated net tangible assets.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business—Our Growth Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED], will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), without the exercise of the [REDACTED].

We currently intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the enhancement of our R&D capabilities for advanced technologies and product iterations across existing product series such as AI Scaler, STDI chips, general-purpose MCUs and TMCUs, and the development of next-generation chips for AMOLED touch IC and audio driver applications. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for the research and development of high-performance automotive-grade chips. We will recruit 25 to 35 talents specializing in areas such as analog, digital, algorithms, applications, and automotive-grade functional safety compliance, with at least three years of experience in the semiconductor industry and an expected salary level comparable to that of industry peers. We believe that there are a sufficient amount of candidates for such talents with relevant professional background and experience that meet our requirements. Furthermore, we aim to extend our portfolio from single core to include multi-core product, and we plan to develop general-purpose MCUs with the RSIC-V architecture, to meet the demands for automotive domain controllers and battery management systems for electric vehicles and embodied intelligence. We will procure EDA tools and automotive-grade reliability testing equipment to support our in-house R&D;
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop high-performance display chips. We plan to drive iterative improvements in image processing capabilities through advanced algorithms and machine learning and develop display chips with high-resolution option. We aim to extend the applications of our display chips beyond mobile phone displays to include automotive displays, laptops, tablets, among other display applications. Meanwhile, we will also expand our offerings to include AMOLED touch ICs and audio drivers, combined with our AI Scaler and STDI chips, to form a comprehensive product portfolio that deepens our customer relationships;
 - (3) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop advanced perception algorithms and multimodal sensor fusion technologies. Our TMCUs will undergo further optimization of its algorithms, enhancing sensing accuracy and anti-interference capabilities. This will enable our TMCU to stably operate in harsh conditions, such as high temperatures, rain and snow, meeting the requirements for applications including automotive door handles and dexterous hands. Concurrently, we are optimizing edge AI inference frameworks to create a fully integrated technology ecosystem; and
 - (4) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop embodied intelligence and AI intelligent device chipset. We will focus on the definition and development of robot perception and control SoCs to expand into new application scenarios in the embodied intelligence market, such as motion control for robots and touch sensing for dexterous hands. We will further iterate our AI algorithms and, based on the application needs, develop SoCs or motion-control chips for embodied intelligence.

FUTURE PLANS AND USE OF [REDACTED]

For the development of high-performance display chips, advanced perception algorithms and multimodal sensor fusion technologies, as well as embodied intelligence and AI intelligent device chipsets, we will utilize the proceeds to procure development equipment and platforms for data measurement, algorithm testing and iterative validation, such as FPGA prototyping platform and test equipment for chip development and to deploy small-scale servers to support edge AI algorithm training. In addition, we plan to selectively acquire mature third-party IPs relating to computing modules, such as DSP cores, where appropriate, in order to accelerate development cycles and enhance system stability. When selecting mature third-party IPs, we will consider reliability, and its compatibility and integration stability with our chips. According to F&S, it is an industry norm for companies in the semiconductor industry to procure mature third-party IPs for its chip development process to avoid redundant development and accelerate development cycles.

The following sets forth our potential research and development plans and indicative launch timelines, for enhancing advanced technologies and product iterations across our existing product series, as well as for the development of next-generation chips for AMOLED touch IC and audio driver chips.

- **AI Scaler.** We plan to develop next-generation AI Scaler chips incorporating upgraded technologies, including intelligent image enhancement algorithms and compression algorithms with higher visually lossless compression ratios, and expect to commence mass production in 2026. Building on this foundation, we plan to extend our AI Scaler algorithm technologies to automotive display applications in 2027 and develop AI Scaler image processing chips for SCCUs.
- **STDI chips.** We plan to develop STDI chips supporting high-speed eDP interfaces and FHD solutions for large-size displays, with planned mass production in 2026. In 2027, we plan to extend our STDI panel display technologies to automotive display applications and develop next-generation in-vehicle display chips incorporating display enhancement technologies such as local dimming.
- **AMOLED touch ICs.** We plan to complete the development of core IPs and key technologies for AMOLED touch applications in 2026, followed by the development and planned mass production of touch controller chips supporting flexible AMOLED displays in 2027.
- **Audio driver chips.** We plan to develop automotive audio power amplifier chips and commence customer sampling in 2026, and expect to achieve mass production in 2027, together with a gradual expansion of the related product portfolio.

Despite the gross loss margins recorded for our STDI chips and general-purpose MCUs during the Track Record Period, we believe it is commercially justifiable and strategically imperative to continue investing in the R&D of these two product segments, including utilizing a portion of the net [REDACTED] from the [REDACTED], for the following reasons:

- **Anticipated realization of economies of scale with product iterations.** We are actively developing the next iterations of our STDI chips and general-purpose MCUs. With the launch of these upgraded products and our continuous market penetration efforts, we expect our production and sales volumes to scale up. The gradual realization of economies of scale is expected to optimize our unit manufacturing costs, which we anticipate will ultimately achieve the gross profit margins of these two product lines.
- **Strategic and foundational role of general-purpose MCUs.** Our general-purpose MCUs serve as the essential baseline technology for our broader MCU product lines. The continuous R&D activities and technological accumulation associated with general-purpose MCUs are indispensable for the development of our other, more advanced MCU products. For instance, the successful development and commercialization of our TMCU products, which are built upon the core technological foundation of our general-purpose MCUs and have already successfully achieved positive gross profit margins, would not have been possible without our sustained R&D investments in general-purpose MCUs.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for establishment of an assembly facility with an annual design production capacity of 2.0 million units for automotive electronics modules to serve both automotive OEMs and Tier 1 suppliers. Based on the following assumptions: (i) our business plans and strategies focus on enhancing our capabilities for assembly of automotive electronics modules; (ii) our competitive advantages in the current market conditions, including selling prices, cost of sales and our ability to secure orders in the automotive industry; and (iii) operating costs and expenses for machinery, primarily comprising maintenance costs, utilities and depreciation, with no significant changes in market, fiscal and economic conditions, our Directors expect that the breakeven period will be approximately three years and the investment payback period will be approximately six years. As of the Latest Practicable Date, we had not started the planning nor identifying the location of the automotive electronic module assembly facility. According to F&S, it is an industry norm for fabless semiconductor companies, particularly in the automotive industry to establish in-house production, assembly and testing facilities to better support application-specific products development for customers and to ensure consistency and reliability of product quality. Such facilities are distinct from wafer fabrication lines and primarily focus on module assembly, system-level testing and automotive-grade validation, rather than semiconductor manufacturing. We will invest in such assembly facility through long-term lease. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop the base operational system and fund working capital requirements. More specifically, we plan to establish a full-process line spanning from assembly to automotive-grade testing, among which, (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for long-term lease of the land and premises; and (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for funding working capital, such as used to procure wafers and chip packaging and testing services, and establish production management systems of the assembly facility. This production management system is a digital platform that can plan, schedule, execute and monitor the entire assembly process, enabling centralized control over each stage from order placement to finished goods warehousing. The system collects real-time data from equipment, work orders and materials and presents such data through visual dashboards, enabling management to monitor production status and achieve transparent control over workshop operations. It also integrates process parameter control, real-time statistical process control monitoring and full lifecycle traceability, helping prevent defects at source and ensuring that quality issues are detectable, manageable and traceable. By leveraging data-driven decision-making, including intelligent production scheduling, pull-based material management and overall equipment effectiveness analysis, the system helps shorten delivery cycles, reduce inventory levels and improve equipment utilization, thereby enhancing overall operational efficiency. We plan to commence deployment of this system after the relevant equipment has been installed and becomes operational; and
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to invest in fixed assets. We plan to introduce automated optical inspection and functional circuit test equipment, implement automotive-grade traceability and MES systems, and upgrade our electromagnetic compatibility (“EMC”) laboratory to ensure product quality and compliance. Our current in-house laboratory was equipped with certain basic testing equipment, and we relied in part on third-party testing institutions to conduct EMC testing. With the planned establishment of our module assembly facility, to meet our growing business needs in terms of testing efficiency, development turnaround time and cost control, we plan to upgrade our EMC laboratory to strengthen our in-house testing capabilities. The upgraded laboratory will enable us to conduct pre-compliance testing during the research and development stage, allowing us to identify and address potential design issues at an early stage, thereby improving product quality and reducing the risk of repeated testing and redesign. In addition, the establishment of the EMC laboratory will support our ability to meet applicable regulatory and certification requirements, such as China Compulsory Certification (CCC) and relevant international standards for overseas markets. It will also help satisfy the supplier qualification and audit requirements of automotive OEMs and leading Tier-1 suppliers, thereby enhancing customer confidence and facilitating the introduction and commercialization of our products.

FUTURE PLANS AND USE OF [REDACTED]

The assembly facility will be dedicated to the assembly of our products that are mainly deployed in the automotive industry, such as SCCUs. We believe that there will be sufficient demand to support the establishment of our in-house assembly facility, mainly because it is intended to serve automotive OEMs and Tier 1 suppliers by providing application-specific electronic modules that require close collaboration, rapid product validation and stringent automotive-grade quality control. According to the F&S Report, driven by the continued release of demand from new energy vehicles and other sectors, the global MCU market is expected to grow from approximately RMB144.8 billion in 2025 to RMB228.4 billion in 2030, representing a CAGR of 10.1% from 2026 to 2030. In particular, with the rising penetration of smart cockpits, autonomous driving and body-control systems, the global market size of automotive-grade MCUs is expected to grow at a CAGR of 13.6% from 2026 to 2030, reaching approximately RMB68.2 billion in 2030. Applications such as capacitive steering wheel hands-off detection, touch door handles and multi-function electric seat systems are increasingly becoming standard features in mass-market vehicle models. These applications typically require integrated module products and efficient assembly and testing support, thereby providing sustained and structural demand for our in-house facility.

Although the establishment of the assembly facility for automotive modules may result in higher upfront capital expenditures and operating costs, over time, we can improve cost efficiency through scale, process optimization and reduced integration friction, thereby supporting margin improvement.

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used to enhance our global market presence and expand our international sales network. We plan to actively develop a global sales network to cover the Asia-Pacific region. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to expand our international headquarter and business center in Hong Kong, forming local sales, R&D and operations teams to enhance our regional management capabilities. Our operations in Hong Kong can also act as a regional coordination platform to support and expand our business presence in Southeast Asia and Europe. Furthermore, leveraging Hong Kong’s role as an international business and financial center, establishing a local headquarter in Hong Kong will be able to better support our overseas customer engagement, technical support, cross-border project execution and international capital management, as well as facilitate communication and coordination between our domestic operations and overseas customers and partners. We will establish a cross-border legal team to strengthen our compliance, governance and international business execution capabilities. We plan to reinforce our brand-building efforts in Hong Kong through exhibitions, industry forums and online marketing;
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to build a globalized R&D system among which (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for our cooperation with Asia-Pacific leading semiconductor manufacturers to co-develop new products. We plan to cooperate with Asia-Pacific semiconductor manufacturers through joint research and development arrangements, under which the parties collaborate in various stages of product development. Such cooperation enables us to enhance the global credibility of our products through collaboration with internationally recognized partners, while supporting the development of differentiated product features, which can be tailored to overseas customer requirements, thereby strengthening our overall competitiveness and positioning in international markets. The detailed terms of such cooperation may vary depending on the specific project. Development of new products in the semiconductor industry typically involve multiple stages, including design, simulation, tape-out, testing, prototyping and certification, which require substantial upfront investment. In terms of the estimated expenditure, a single tape-out may cost approximately RMB3.0 million to RMB5.0 million, and one development project may require one to two tape-outs. Taking into account tape-out costs together with other development-related expenses such as EDA tools, testing, verification, prototyping and

FUTURE PLANS AND USE OF [REDACTED]

certification, the total R&D expenditure for developing a single chip amounts to approximately RMB20.0 million or more. As of April 2026, we had successfully cooperated with overseas wafer foundries and semiconductor partners to develop two general-purpose MCUs and one audio power amplifier chip, representing upgrades and iterative enhancements of our existing offerings. The intellectual property arising from such collaborations will be owned by us. We plan to collaborate with such manufactures to research and develop products and technologies for data storage and hardware security, which provide differentiated features and performance and serve as extensions of our existing product offerings; and (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for the recruitment of top overseas AI and chip design talent to accelerate our next-generation product development. We plan to recruit five to 10 such talents; and

- (3) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to enhance our overseas sales network and strengthen customer relations by (i) establishing a more proactive and systematic customer-engagement mechanism through regular visits to leading customers in consumer electronics, automotive and embodied intelligence industries, which will allow us to better capture market demand and reinforce long-term strategic cooperation. More specifically, we plan to recruit 10 to 15 local sales personnel and application engineers in East Asia and Southeast Asia with relevant industry experience and local market knowledge, with a primary focus on field-based technical role that provides on-site engineering support to enhance our ability to efficiently and effectively address technical issues raised by local customers. The customer coverage of such hires will primarily focus on the East Asian and the Southeast Asian markets. Although most of our customers are currently located in Chinese Mainland, following our overseas expansion, we expect to gradually establish and expand our customer base in the relevant overseas markets. The recruitment of local technical personnel will therefore be important to support such overseas expansion, as they will enhance our ability to efficiently respond to technical issues raised by local customers, tailor our products and solutions to local market requirements, and provide timely on-site engineering support throughout customer engagement, product validation and commercialization processes; and (ii) deploying dedicated on-site technical service teams to deliver timely support and after-sales services. Leveraging the localized team, we can then convert our regional networks into a sustainable market share.

The following table sets forth the planned timeframe of the allocation of our [REDACTED] by year for the uses discussed above.

	2026	2027	2028	2029	2030	Total
	(HK\$ in millions)					
Enhancement of our R&D capabilities for advanced technologies and product iterations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Construction of a production and assembly facilities for automotive electronics modules	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enhance our global market presence and expand our international sales network	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF [REDACTED]

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative price range. We will receive net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the low-point of the indicative range of the [REDACTED]), and net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the high-point of the indicative range of the [REDACTED]), without the exercise of the [REDACTED]. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of our indicative [REDACTED] range).

To the extent that the net [REDACTED] are not immediately applied to the above purposes, we will deposit the net [REDACTED] into short-term interest-bearing accounts with licensed banks or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions, so long as it is deemed to be in the best interests of our Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CVA INNOVATION CO., LTD AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen CVA Innovation Co., Ltd.* (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-82, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[Date]

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ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
REVENUE	5	150,112	244,071	346,359
Cost of sales		(117,851)	(174,750)	(273,673)
Gross profit		32,261	69,321	72,686
Other income and gains, net	6	12,813	12,713	13,931
Selling and distribution expenses		(28,360)	(26,844)	(27,922)
Administrative expenses		(43,305)	(45,763)	(54,638)
Research and development expenses		(124,669)	(86,833)	(93,500)
Impairment losses on financial assets, net		(457)	(2,017)	(1,061)
Other expenses		(29)	(95)	(1,245)
Finance costs	8	(1,036)	(1,003)	(2,698)
Share of losses of an associate		(639)	—	—
LOSS BEFORE TAX	7	(153,421)	(80,521)	(94,447)
Income tax expense	11	—	(299)	(99)
LOSS FOR THE YEAR		(153,421)	(80,820)	(94,546)
OTHER COMPREHENSIVE INCOME				
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		(3,000)	1,000	2,000
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(156,421)	(79,820)	(92,546)
Loss attributable to:				
Owners of the parent		(153,421)	(80,820)	(94,863)
Non-controlling interests		—	—	317
		(153,421)	(80,820)	(94,546)
Total comprehensive loss attributable to:				
Owners of the parent		(156,421)	(79,820)	(92,863)
Non-controlling interests		—	—	317
		(156,421)	(79,820)	(92,546)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted		(18.61)	(8.32)	(9.74)

For the details of Pre-[REDACTED] Investments, please refer to note 32 to this report.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	14,617	9,630	5,719
Right-of-use assets	15	7,389	3,211	1,181
Intangible assets	16	8,117	7,748	16,838
Investment in an associate	17	—	—	—
Deposits	23	496	486	561
Debt investments at fair value through other comprehensive income	19	20,729	—	20,000
Equity investment designated at fair value through other comprehensive income	20	7,000	8,000	10,000
Total non-current assets		58,348	29,075	54,299
CURRENT ASSETS				
Inventories	21	41,253	51,103	123,049
Trade and bill receivables	22	5,846	5,739	12,183
Prepayments, deposits and other receivables ...	23	30,988	25,150	63,783
Financial assets at fair value through profit or loss	24	126,641	163,804	10,000
Cash and cash equivalents	25	87,675	37,615	196,533
Total current assets		292,403	283,411	405,548
CURRENT LIABILITIES				
Trade payables	26	10,330	9,683	17,827
Contract liabilities	27	21,128	20,792	20,984
Other payables and accruals	28	31,086	18,322	47,527
Interest-bearing bank borrowings	29	11,600	59,255	89,503
Lease liabilities	15	3,468	2,202	1,276
Tax Payable		—	289	29
Total current liabilities		77,612	110,543	177,146
NET CURRENT ASSETS		214,791	172,868	228,402
TOTAL ASSETS LESS CURRENT LIABILITIES				
		273,139	201,943	282,701
NON-CURRENT LIABILITIES				
Lease liabilities	15	4,412	1,200	159
Other payables and accruals	28	—	—	7,303
Deferred income	30	746	497	3,475
Total non-current liabilities		5,158	1,697	10,937
Net assets		267,981	200,246	271,764
EQUITY				
Equity attributable to owners of the parent				
Share capital	32	—	—	10,152
Paid-in capital	32	9,715	9,715	—
Reserves	34	258,266	190,531	260,315
		267,981	200,246	270,467
Non-controlling interests		—	—	1,297
Total equity		267,981	200,246	271,764

For the details of Pre-[REDACTED] Investments, please refer to note 32 to this report.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	6,939	323,434	29,858	—	(248,327)	111,904	—	111,904
Loss for the year	—	—	—	—	(153,421)	(153,421)	—	(153,421)
Other comprehensive income for the year	—	—	—	(3,000)	—	(3,000)	—	(3,000)
Total comprehensive income for the year	—	—	—	(3,000)	(153,421)	(156,421)	—	(156,421)
Capital contribution by shareholders	2,776	285,531	—	—	—	288,307	—	288,307
Share-based payments	—	—	24,191	—	—	24,191	—	24,191
Vesting of share-based payment	—	23,378	(23,378)	—	—	—	—	—
At 31 December 2023	9,715	632,343*	30,671*	(3,000)*	(401,748)*	267,981	—	267,981

Year ended 31 December 2024

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	9,715	632,343	30,671	(3,000)	(401,748)	267,981	—	267,981
Loss for the year	—	—	—	—	(80,820)	(80,820)	—	(80,820)
Other comprehensive income for the year	—	—	—	1,000	—	1,000	—	1,000
Total comprehensive income for the year	—	—	—	1,000	(80,820)	(79,820)	—	(79,820)
Share-based payments	—	—	12,085	—	—	12,085	—	12,085
Vesting of share-based payment	—	17,886	(17,886)	—	—	—	—	—
At 31 December 2024	9,715	650,229*	24,870*	(2,000)*	(482,568)*	200,246	—	200,246

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ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	—	9,715	650,229	24,870	(2,000)	(482,568)	200,246	—	200,246
Loss for the year	—	—	—	—	—	(94,863)	(94,863)	317	(94,546)
Other comprehensive income for the year . . .	—	—	—	—	2,000	—	2,000	—	2,000
Total comprehensive income for the year . . .	—	—	—	—	2,000	(94,863)	(92,863)	317	(92,546)
Issue of ordinary shares .	437	—	131,334	—	—	—	131,771	—	131,771
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	980	980
Share-based payments . .	—	—	—	31,313	—	—	31,313	—	31,313
Conversion into a joint stock company	9,715	(9,715)	(298,610)	—	—	298,610	—	—	—
Vesting of share-based payment	—	—	55,784	(55,784)	—	—	—	—	—
At 31 December 2025 . .	10,152	—	538,737*	399*	—*	(278,821)*	270,467	1,297	271,764

* The reserve accounts comprise the consolidated reserves of RMB258,266,000, RMB190,531,000, and RMB260,315,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Loss before tax		(153,421)	(80,521)	(94,447)
Adjustments for:				
Interest income	6	(622)	(500)	(188)
Share of losses of an associate		639	—	—
Other interest income from debt investments at fair value through other comprehensive income	6	(975)	(660)	—
Finance costs	8	1,036	1,003	2,698
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(641)	(404)	—
Investment income from financial assets at fair value through profit or loss	6	(1,967)	(2,570)	(2,673)
Foreign exchange (gains)/losses	7	(474)	29	386
Losses on disposal of items of property, plant and equipment	7	12	54	12
Losses/(Gains) on termination of leases	7	17	(223)	—
Losses on disposal of subsidiary		—	—	803
Depreciation of property and equipment	7	3,562	6,879	6,039
Depreciation of right-of-use assets	7	4,204	2,909	2,178
Amortisation of intangible assets	7	2,920	3,363	3,360
Impairment losses on financial assets, net	7	457	2,017	1,061
Write-down of inventories to net realisable value	7	1,677	7,247	10,405
Equity-settled share-based payments		24,191	12,085	31,313
		(119,385)	(49,292)	(39,053)
Increase in inventories		(11,524)	(12,893)	(82,265)
Decrease/(increase) in trade and bill receivables		9,771	(1,821)	(9,615)
Decrease/(increase) in prepayments, deposits and other receivables		(15,662)	2,602	(39,472)
Increase/(decrease) in trade payables		1,564	(647)	13,272
Increase/(decrease) in other payables and accruals		14,587	(12,473)	4,781
Increase/(decrease) in contract liabilities		(1,481)	(336)	192
Increase/(decrease) in deferred income		(248)	(249)	2,978
Cash used in operations		(122,378)	(75,109)	(149,182)
Interest received		622	500	188
Tax paid		—	(299)	(359)
Net cash flows used in operating activities		(121,756)	(74,908)	(149,353)

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income from financial assets at fair value through profit or loss		1,967	3,211	3,077
Proceeds from redemption of wealth management products and structured deposits		732,940	618,600	475,466
Proceeds from sale of debt investments at fair value through other comprehensive income		—	20,729	—
Proceeds from debt investments at fair value through other comprehensive income		975	660	—
Loan to an associate		(2,000)	(3,000)	—
Repayment from an associate		—	2,000	—
Purchases of property, plant and equipment		(10,535)	(1,985)	(2,119)
Purchases of intangible assets		(4,035)	(2,994)	(6,735)
Purchases of wealth management products and structured deposits		(826,490)	(656,000)	(322,066)
Purchases of debt investments at fair value through other comprehensive income		(20,729)	—	(20,000)
Proceeds from disposal of items of property, plant and equipment and intangible assets		—	15	16
Net cash flows (used in)/from investing activities		(127,907)	(18,764)	127,639
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		288,307	—	136,001
Advance from an investor		—	—	19,090
Capital contribution from a non-controlling shareholder		—	—	980
Proceeds for borrowing from a non-controlling shareholder		—	—	1,500
Repayment of borrowing from a non-controlling shareholder		—	—	(500)
New bank loans		25,000	119,119	116,776
Repayment of bank loan		(33,040)	(71,464)	(86,528)
Interest paid		(616)	(849)	(2,605)
Lease payments		(4,224)	(3,165)	(2,204)
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows from financing activities		275,427	43,641	181,018
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		25,764	(50,031)	159,304
Cash and cash equivalents at beginning of year		61,437	87,675	37,615
Effect of foreign exchange rate changes, net		474	(29)	(386)
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	25	87,675	37,615	196,533

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS				
Property, plant and equipment	14	7,860	5,529	3,561
Right-of-use assets	15	2,993	1,327	537
Intangible assets	16	4,414	3,011	14,286
Investment in an associate	17	—	—	—
Investment in subsidiaries	18	249,793	332,304	340,827
Deposits	23	191	164	228
Debt investments at fair value through other comprehensive income	19	10,729	—	20,000
Total non-current assets		275,980	342,335	379,439
CURRENT ASSETS				
Inventories	21	26,532	38,067	84,684
Trade receivables	22	37,807	22,128	9,989
Prepayments deposits and other receivables	23	34,337	43,331	86,773
Financial assets at fair value through profit or loss	24	116,641	142,362	10,000
Cash and cash equivalents	25	70,540	34,440	181,924
Total current assets		285,857	280,328	373,370
CURRENT LIABILITIES				
Trade payables	26	4,336	3,990	14,898
Contract liabilities	27	19,975	20,365	20,646
Other payables and accruals	28	102,831	112,012	134,227
Interest-bearing bank borrowings	29	11,600	59,255	89,503
Lease liabilities	15	1,843	985	453
Total current liabilities		140,585	196,607	259,727
NET CURRENT ASSETS		145,272	83,721	113,643
TOTAL ASSETS LESS CURRENT LIABILITIES		421,252	426,056	493,082
NON-CURRENT LIABILITIES				
Lease liabilities	15	1,561	576	159
Other payables and accruals		—	—	7,303
Deferred Income		—	—	2,851
Total non-current liabilities		1,561	576	10,313
Net assets		419,691	425,480	482,769
EQUITY				
Share capital		—	—	10,152
Paid-in capital	32	9,715	9,715	—
Reserves	34	409,976	415,765	472,617
Total equity		419,691	425,480	482,769

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (“PRC”) on 31 August 2018 as a limited liability company and on 5 November 2025, it was converted into a joint stock company with limited liability under the Company Law of the PRC (further details of which are set out in note 32(c) to the Historical Financial Information). The registered office of the Company is located at Room 201, Block D, Building 7, Shenzhen International Innovation Valley, Xili Community, Xili Sub-district, Nanshan District, Shenzhen, Guangdong Province, PRC.

During the Relevant Periods, the Group was primarily engaged in the research and development, design, manufacturing and sale of display chips and sensing-control chips, and the provision of chip technical services.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Date and place of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal business activities
Shanghai Blue Whale Semiconductor Technology Co., Ltd. (上海水木藍鯨半導體技術有限公司) (“Shanghai Blue Whale”) (Note (a), (b))	11 June 2021 Shanghai, PRC	RMB50,000,000	100%	R&D, design and sales
Anhui Xihe Microelectronics Co., Ltd. (安徽曦合微電子有限公司) (“Anhui Xihe”) (Note (a), (b))	27 September 2022 Hefei, PRC	RMB70,000,000	100%	R&D, design and sales

Notes:

- (a) The English names of these companies represent the best effort made by the directors of the Company to directly translate the Chinese names as they do not register any official English names.
- (b) The statutory financial statements of this entity for the year ended 31 December 2023 and 31 December 2024 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Shenzhen Hengrui Accounting Firm (General Partnership) (深圳恒瑞會計師事務所 (普通合夥)), certified public accountants registered in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets/liabilities of the Group at the end of each of the Relevant Periods.

2.1 BASIS OF PREPARATION

For capital subscribed by Pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of redemption rights and liquidation preferences rights, which are void ab initio as described in note 32(d) to the Historical Financial Information, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods. Further details of the financial impacts of the arrangements are included in note 32(d) to the Historical Financial Information.

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which has been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency³</i>

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group’s financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investment in an associate is stated in the consolidated statements of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

The Group’s share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statements of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group’s investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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Fair value measurement

The Group measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statements of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Modules and tools	33.33%
Electronic equipment	20% to 33.33%
Furniture and fixtures	20% to 33.33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statements of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intellectual property (“IP”) licenses

Purchased IP licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 1 to 10 years.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 1 to 10 years.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	18 months to 60 months

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade and bill receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bill receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statements of profit or loss when the asset is derecognised, modified or impaired.

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Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statements of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in the consolidated statements of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bill receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bill receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity’s own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statements of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statements of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statements of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statements of profit or loss by way of a reduced depreciation charge.

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Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group provides (a) display chip products and (b) sensing-control chip products.

(a) Revenue from display chip products

The display chip products solutions include sale of display chips and related products, provision of chip technical services and revenue from cooperation development.

Sale of display chips and related products

Revenue from the sale of display chips and related products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and receive of the products. The Group acts as principal as the Group has controls over the products before transferring the products to its customers. Accordingly, the Group recognises revenue and cost incurred on a gross basis.

Provision of chip technical services

The Group entered contract with certain customers to provide chip technical services which includes the design, deployment, commission and verification process of customised display chip products, revenue from chip technical service is recognised overtime, using an input method to measure process towards complete satisfaction of the services, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the chip technical services.

Revenue from cooperation development

The Group granted exclusive rights to certain customers to purchase the Group’s products in a pre-agreed period and the Group is entitled to a non-refundable service fee (the “**Up-front Payment**”) pursuant to certain cooperation development agreements (the “**Agreements**”).

Contracts for cooperation development comprise provision of exclusive rights and research and development services that are not distinct and incapable of being separately identifiable. Accordingly, the transaction price, i.e. the Upfront Payment, is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customers simultaneously receive and consume the benefits provided by the Group. The output method recognises revenue based on the actual quantities of products purchased by the customers relative to the estimated total quantities of products to be purchased during the pre-agreed period.

(b) Revenue from sensing-control chip products

The sensing-control chip products include sale of sensing-control chips. Revenue from the sale of sensing-control chips is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and receive of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share incentive plan. Employees and consultants of the Group receive incentives in the form of share-based payments, whereby employees and consultants render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares, the recent share transaction price is used.

The cost of equity-settled transactions is recognised in benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statements of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The historical financial information are presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statements of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial information required management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Determination of performance obligation in the Agreements

A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (b) the entity’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

In assessing whether each item has standalone value to the customers, the Group considers factors such as the research and development results, the commercialisation capability of the customers, the availability of the associated expertise in the market as well as the IP owner arising from the research and development process. The Group determined that the exclusive rights granted to customers to purchase the Group’s products in a pre-agreed sales period, and research and development service are not distinct and incapable of being separately identifiable as the customers are not able to benefit from the exclusive rights and the research and development service without the production and supply service provided by the Group.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group’s key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets’ contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Research and development expenses

All research costs are charged to the profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the timing and the amounts of development costs to be capitalised requires the use of judgements and estimation. In the opinion of the directors, during the Relevant Periods, the criteria for capitalisation of development costs were not met and development expenditure were expensed.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each year and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for unused tax losses to the extent that it is probable

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that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value is determined by using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares. Significant estimates on assumptions for estimating the fair value and the number of exercisable equity instrument are made by the Group. Further details are included in note 33 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into one single business unit that is the sale of display chips and related products, sensing-control chips, and the provision of chip technical services. The Group has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no further operating segment information is presented.

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Mainland China*	142,065	242,511	337,659
Other countries/regions	8,047	1,560	8,700
Total revenue	150,112	244,071	346,359

The revenue information above is based on the locations of the customers.

* Mainland China means the People’s Republic of China excluding Hong Kong, Macau and Taiwan.

(b) *Non-current assets*

All of the Group’s non current assets are located in Mainland China. Accordingly, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

Revenue derived from major customers which accounted for 10% or more of the Group’s total revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	86,898	162,275	114,702
Customer B	N/A*	41,605	95,005
Customer C	N/A*	N/A*	43,458

* The corresponding revenue of these customers are not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the respective year or period.

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5. REVENUE

An analysis of revenue is as follows:

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Display chip products*	134,493	237,623	264,196
Sensing-control chip products	15,619	6,448	82,163
Total	150,112	244,071	346,359
Timing of revenue recognition			
Transferred at a point in time	142,236	235,631	335,839
Transferred over time	7,876	8,440	10,520
Total	150,112	244,071	346,359

* Display chip products includes display chips and related products and the provision of chip technical services.

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in the contract liabilities at the beginning of year.	16,059	9,573	19,694

(b) Performance obligations

Information about the Group’s performance obligation is summarised below:

(i) Sale of display chips and related products, and sensing-control chips

The performance obligation is satisfied upon delivery and receive of products and the payment in advance is normally required and for certain customers, payment is generally 30 to 90 days upon delivery and acceptance of products.

(ii) Revenue from the Agreements

The performance obligation is satisfied over time as services are rendered and advance payment is generally required.

(iii) Chip technical services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

For the above contracts with customers, they are rendered in a short period of time, which is generally less than one year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

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6. OTHER INCOME AND GAINS

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Interest income	622	500	188
Investment income from financial assets at fair value through profit or loss	1,967	2,570	2,673
Other interest income from debt investments at fair value through other comprehensive income	975	660	—
Government grants*	8,134	8,356	11,070
Subtotal	11,698	12,086	13,931
Gains			
Foreign exchange gains, net	474	—	—
Gains on termination of leases	—	223	—
Fair value gains on financial assets at fair value through profit or loss	641	404	—
	12,813	12,713	13,931

* The Group has received certain government grants and subsidies related to assets and income. The government grants received that have future costs to be incurred and/or require the Group to comply with conditions attached to the grants and subsidies are included in deferred income in the statements of financial positions.

The government grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Other government grants and subsidies related to income as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they were received. There are no unfulfilled conditions or contingencies relating to these grants and subsidies.

7. LOSS BEFORE TAX

The Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		116,174	166,940	263,215
Cost of services provided		—	563	53
Depreciation of property, plant and equipment*	14	3,562	6,879	6,039
Depreciation of right-of-use assets*	15	4,204	2,909	2,178
Amortisation of intangible assets*	16	2,920	3,363	3,360
Research and development expenses		124,669	86,833	93,500
Lease payments not included in the measurement of lease liabilities	15	13	14	54
Auditor’s remuneration		—	189	280
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’ remuneration (note 9))				
Wages and salaries		106,316	93,046	77,025
Pension scheme contributions		14,311	13,779	13,487
Share-based payments		23,269	11,990	29,739
		143,896	118,815	120,251
Impairment/(reversal of impairment) on trade and bill receivables	22	304	1,928	(1,845)
Impairment on other receivables	23	153	89	2,906
Impairment losses on financial assets, net		457	2,017	1,061
Foreign exchange (gains)/losses		(474)	29	386
Write-down of inventories to net realisable value**		1,677	7,247	10,405
Losses on disposal of items of property, plant and equipment		12	54	12
Losses/(gains) on termination of leases		17	(223)	—
Losses on disposal of a subsidiary		—	—	803

* The depreciation of property, plant and equipment, right-of-use assets, and amortisation of intangible assets is included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

** Write-down of inventories to net realisable value is included in “Cost of sales” in profit or loss.

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on bank borrowings	616	849	2,605
Interest on lease liabilities	420	154	93
	<u>1,036</u>	<u>1,003</u>	<u>2,698</u>

For the details of pre-[REDACTED] investments, please refer to note 32 to this report.

9. DIRECTORS’ REMUNERATION

The remuneration of each of the Company’s directors is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,482	1,452	1,496
Performance related bonuses	682	553	503
Pension scheme contributions	258	268	318
Share-based payments	922	95	1,574
	<u>3,344</u>	<u>2,368</u>	<u>3,891</u>

(a) Independent non-executive directors

There were no emoluments payable to the independent non-executive directors during the Relevant Periods. In May 2025, Dr. Huang Hui, Ms. Liang Yunxing and Mr. Liu Zhixiang were appointed as the Independent non-executive directors of the Company.

(b) Executive directors and non-executive directors

Year ended		Salaries, allowances and benefits	Performance related	Pension scheme	Share-based	Total
31 December 2023	Fees	in kind	bonuses	contributions	payments	remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Chen Xi (<i>note (i)</i>)	—	519	145	53	129	846
Mr. Shi Guangtao (<i>note (ii)</i>)	—	467	324	148	6	945
Mr. Huang Zhiwen (<i>note (ii)</i>)	—	496	213	57	247	1,013
Non-executive directors:						
Ms. Wang Hong (<i>note (iii)</i>)	—	—	—	—	—	—
Ms. Zhao Wentao (<i>note (iv)</i>)	—	—	—	—	540	540
Mr. Yang Yang (<i>note (v)</i>)	—	—	—	—	—	—
Mr. Yang Qing (<i>note (vi)</i>)	—	—	—	—	—	—
	<u>—</u>	<u>1,482</u>	<u>682</u>	<u>258</u>	<u>922</u>	<u>3,344</u>

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Year ended 31 December 2024	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Chen Xi (<i>note (i)</i>)	—	590	233	64	(58)	829
Mr. Shi Guangtao (<i>note (ii)</i>)	—	440	159	145	9	753
Mr. Huang Zhiwen (<i>note (ii)</i>)	—	422	161	59	144	786
Non-executive directors:						
Ms. Wang Hong (<i>note (iii)</i>)	—	—	—	—	—	—
Ms. Zhao Wentao (<i>note (iv)</i>)	—	—	—	—	—	—
Mr. Yang Yang (<i>note (v)</i>)	—	—	—	—	—	—
Mr. Yang Qing (<i>note (vi)</i>)	—	—	—	—	—	—
	—	1,452	553	268	95	2,368

Year ended 31 December 2025	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Chen Xi (<i>note (i)</i>)	—	528	110	87	982	1,707
Mr. Shi Guangtao (<i>note (ii)</i>)	—	480	196	148	—	824
Mr. Huang Zhiwen (<i>note (ii)</i>)	—	488	197	83	—	768
Non-executive directors:						
Ms. Wang Hong (<i>note (iii)</i>)	—	—	—	—	—	—
Ms. Zhao Wentao (<i>note (iv)</i>)	—	—	—	—	592	592
Mr. Yang Yang (<i>note (v)</i>)	—	—	—	—	—	—
Mr. Yang Qing (<i>note (vi)</i>)	—	—	—	—	—	—
	—	1,496	503	318	1,574	3,891

Notes:

- (i) Mr. Chen Xi was appointed as an executive director of the Company with effect from 29 August 2018.
- (ii) Mr. Shi Guangtao and Mr. Huang Zhiwen were appointed as an executive director of the Company with effect from 19 May 2022.
- (iii) Ms. Wang Hong was appointed as a non-executive director of the Company with effect from 2 February 2021 and resigned on 29 October 2025.
- (iv) Ms. Zhao Wentao was appointed as a non-executive director of the Company with effect from 2 February 2021.
- (v) Mr. Yang Yang was appointed as a non-executive director of the Company with effect from 19 May 2022 and resigned on 29 October 2025.
- (vi) Mr. Yang Qing was appointed as a non-executive director of the Company with effect from 26 July 2023 and resigned on 29 October 2025.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

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During the Relevant Periods, the Company’s shares were granted to certain directors through share incentive platforms, further details of which are included in note 33 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors’ remuneration disclosures.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods included 1, 1 and 1 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the 4, 4 and 4 highest paid employees who are not a director of the Group during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances and benefits in kind	2,929	2,944	2,840
Performance related bonuses	839	753	1,240
Pension scheme contributions	323	420	528
Share-based payments	3,951	2,725	5,034
	<u>8,042</u>	<u>6,842</u>	<u>9,642</u>

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
HK\$1,000,001 to HK\$1,500,000	—	2	—
HK\$1,500,001 to HK\$2,000,000	3	1	2
HK\$2,000,001 to HK\$2,500,000	1	1	—
HK\$2,500,001 to HK\$3,000,000	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	2
HK\$3,500,001 to HK\$4,000,000	—	—	—
	<u>4</u>	<u>4</u>	<u>4</u>

11. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operated.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a “High and New Technology Enterprise” under the relevant tax rules and regulations in December 2020 and October 2023, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Shanghai Blue Whale was accredited as a “High and New Technology Enterprise” under the relevant tax rules and regulations in November 2023, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

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Anhui Xihe was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 12.5% of taxable income less than RMB1,000,000 from 1 January 2022 to 31 December 2022; tax rate of 20% on the 25% of taxable income less than RMB1,000,000 from 1 January 2023 to 31 December 2025; and tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from 1 January 2022 to 31 December 2025.

The major components of the income tax expense for the year are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax expense	—	299	99
Total tax for the year	—	299	99

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(153,421)	(80,521)	(94,447)
Tax charge at the statutory tax rate of 25%	(38,355)	(20,130)	(23,612)
Effect of different tax rates enacted by local authorities	14,486	6,750	8,390
Expenses not deductible for tax	167	165	200
Super deduction for research and development expenses	(12,403)	(8,833)	(8,988)
Tax losses utilised from previous periods	(427)	—	—
Tax losses and temporary difference not recognised	36,532	22,347	24,109
Tax charge at the Group’s effective rate	—	299	99

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unused tax losses	473,652	594,493	705,985
Temporary difference not recognised	111,622	128,856	171,911
	585,274	723,349	877,896

The Group has accumulated tax losses in Mainland China of RMB468,350,000, RMB585,567,000 and RMB695,852,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has accumulated tax losses in Hong Kong of RMB5,302,000, RMB8,902,000 and RMB10,104,000 as at 31 December 2023, 2024 and 2025, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the company in which the losses arose.

The Group has accumulated tax losses in Singapore of nil, RMB24,000, and RMB29,000 as at 31 December 2023, 2024 and 2025, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the company in which the losses arose.

12. DIVIDENDS

No dividends have been paid or declared by the Company in respect of the Relevant Periods.

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13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods. The weighted average number of ordinary shares in issue for 2023 and 2024 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in November 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Earnings			
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(153,421)	(80,820)	(94,863)
	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Number of shares			
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	8,243,000	9,715,000	9,741,000

For the details of pre-[REDACTED] investments, please refer to note 32 to this report.

14. PROPERTY, PLANT AND EQUIPMENT

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023					
At 1 January 2023:					
Cost	811	271	4,617	4,483	10,182
Accumulated depreciation	(88)	(33)	(1,513)	(836)	(2,470)
Net carrying amount	723	238	3,104	3,647	7,712
At 1 January 2023, net of accumulated depreciation	723	238	3,104	3,647	7,712
Additions	3,745	4	4,833	1,897	10,479
Disposals	—	—	(12)	—	(12)
Depreciation provided during the year	(558)	(55)	(1,827)	(1,122)	(3,562)
At 31 December 2023, net of accumulated depreciation	3,910	187	6,098	4,422	14,617
At 31 December 2023:					
Cost	4,556	275	9,373	6,380	20,584
Accumulated depreciation	(646)	(88)	(3,275)	(1,958)	(5,967)
Net carrying amount	3,910	187	6,098	4,422	14,617

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	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024					
At 1 January 2024:					
Cost	4,556	275	9,373	6,380	20,584
Accumulated depreciation	(646)	(88)	(3,275)	(1,958)	(5,967)
Net carrying amount	3,910	187	6,098	4,422	14,617
At 1 January 2024, net of accumulated depreciation	3,910	187	6,098	4,422	14,617
Additions	1,293	5	663	—	1,961
Disposals	—	(60)	(9)	—	(69)
Depreciation provided during the year	(1,847)	(54)	(2,887)	(2,091)	(6,879)
At 31 December 2024, net of accumulated depreciation	3,356	78	3,865	2,331	9,630
At 31 December 2024:					
Cost	5,849	179	9,955	6,380	22,363
Accumulated depreciation	(2,493)	(101)	(6,090)	(4,049)	(12,733)
Net carrying amount	3,356	78	3,865	2,331	9,630
	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2025					
At 1 January 2025:					
Cost	5,849	179	9,955	6,380	22,363
Accumulated depreciation	(2,493)	(101)	(6,090)	(4,049)	(12,733)
Net carrying amount	3,356	78	3,865	2,331	9,630
At 1 January 2025, net of accumulated depreciation	3,356	78	3,865	2,331	9,630
Additions	1,366	—	790	—	2,156
Disposals	—	(7)	(21)	—	(28)
Depreciation provided during the year	(2,266)	(35)	(2,488)	(1,250)	(6,039)
At 31 December 2025, net of accumulated depreciation	2,456	36	2,146	1,081	5,719
At 31 December 2025:					
Cost	7,215	161	10,532	6,380	24,288
Accumulated depreciation	(4,759)	(125)	(8,386)	(5,299)	(18,569)
Net carrying amount	2,456	36	2,146	1,081	5,719

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The Company

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023					
At 1 January 2023:					
Cost	634	170	3,803	3,233	7,840
Accumulated depreciation	(70)	(29)	(1,387)	(565)	(2,051)
Net carrying amount	564	141	2,416	2,668	5,789
At 1 January 2023, net of accumulated depreciation	564	141	2,416	2,668	5,789
Additions	418	—	3,902	—	4,320
Disposals	—	—	(12)	—	(12)
Depreciation provided during the year	(220)	(34)	(1,336)	(647)	(2,237)
At 31 December 2023, net of accumulated depreciation	762	107	4,970	2,021	7,860
At 31 December 2023:					
Cost	1,052	170	7,628	3,233	12,083
Accumulated depreciation	(290)	(63)	(2,658)	(1,212)	(4,223)
Net carrying amount	762	107	4,970	2,021	7,860
	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024					
At 1 January 2024:					
Cost	1,052	170	7,628	3,233	12,083
Accumulated depreciation	(290)	(63)	(2,658)	(1,212)	(4,223)
Net carrying amount	762	107	4,970	2,021	7,860
At 1 January 2024, net of accumulated depreciation	762	107	4,970	2,021	7,860
Additions	704	5	633	—	1,342
Disposals	—	(6)	(10)	—	(16)
Depreciation provided during the year	(522)	(34)	(2,313)	(788)	(3,657)
At 31 December 2024, net of accumulated depreciation	944	72	3,280	1,233	5,529
At 31 December 2024:					
Cost	1,756	166	8,182	3,233	13,337
Accumulated depreciation	(812)	(94)	(4,902)	(2,000)	(7,808)
Net carrying amount	944	72	3,280	1,233	5,529

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	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2025					
At 1 January 2025:					
Cost	1,756	166	8,182	3,233	13,337
Accumulated depreciation	(812)	(94)	(4,902)	(2,000)	(7,808)
Net carrying amount	944	72	3,280	1,233	5,529
At 1 January 2025, net of accumulated depreciation	944	72	3,280	1,233	5,529
Additions	527	—	761	—	1,288
Disposals	—	(8)	(16)	—	(24)
Depreciation provided during the year	(596)	(32)	(2,006)	(598)	(3,232)
At 31 December 2025, net of accumulated depreciation	875	32	2,019	635	3,561
At 31 December 2025:					
Cost	2,283	147	8,733	3,233	14,396
Accumulated depreciation	(1,408)	(115)	(6,714)	(2,598)	(10,835)
Net carrying amount	875	32	2,019	635	3,561

15. LEASES

The Group as a lessee

The Group has lease contracts for office premises used in its operation. Leases of office premises have lease term ranged from 18 months to 60 months.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Office premises

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of year:			
Cost	12,624	14,873	7,041
Accumulated depreciation	(3,472)	(7,484)	(3,830)
Net carrying amount	9,152	7,389	3,211
At the beginning of year, net of accumulated depreciation	9,152	7,389	3,211
Additions	2,489	1,849	148
Disposals	(48)	(3,118)	—
Depreciation provided during the year	(4,204)	(2,909)	(2,178)
At the end of year, net of accumulated depreciation	7,389	3,211	1,181
At the end of year:			
Cost	14,873	7,041	7,189
Accumulated depreciation	(7,484)	(3,830)	(6,008)
Net carrying amount	7,389	3,211	1,181

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The Company

Office premises

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year:			
Cost	6,417	7,715	4,242
Accumulated depreciation	(2,640)	(4,722)	(2,915)
Net carrying amount	3,777	2,993	1,327
At the beginning of year, net of accumulated depreciation	3,777	2,993	1,327
Additions	1,539	—	148
Disposals	(48)	—	—
Depreciation provided during the year	(2,275)	(1,666)	(938)
At the end of year, net of accumulated depreciation	2,993	1,327	537
At the end of year:			
Cost	7,715	4,242	4,390
Accumulated depreciation	(4,722)	(2,915)	(3,853)
Net carrying amount	2,993	1,327	537

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year	9,253	7,880	3,402
New leases	2,462	1,831	144
Accretion of interest recognised during the year	420	154	93
Termination of leases	(31)	(3,298)	—
Payments	(4,224)	(3,165)	(2,204)
At the end of year	7,880	3,402	1,435
Analysed into:			
Current portion	3,468	2,202	1,276
Non-current portion	4,412	1,200	159

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year	4,146	3,404	1,561
New leases	1,524	—	144
Accretion of interest recognised during the year	169	106	51
Termination of leases	(31)	—	—
Payments	(2,404)	(1,949)	(1,144)
At the end of year	3,404	1,561	612
Analysed into:			
Current portion	1,843	985	453
Non-current portion	1,561	576	159

(c) The amounts recognised in profit or loss in relation to leases are as follows:

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The Group

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	420	154	93
Depreciation charge of right-of-use assets	4,204	2,909	2,178
Losses/(gains) on termination of leases	17	(223)	—
Expense relating to short-term leases	—	—	54
Expense relating to leases of low-value assets	13	14	—
Total amount recognised in profit or loss	4,654	2,854	2,325

(d) The total cash outflow for leases is disclosed in note 35(b) to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group

	IP licenses	Software	Total
	RMB’000	RMB’000	RMB’000
31 December 2023			
At 1 January 2023:			
Cost	7,959	516	8,475
Accumulated amortisation	(1,391)	(82)	(1,473)
Net carrying amount	6,568	434	7,002
At 1 January 2023, net of accumulated amortisation	6,568	434	7,002
Additions	3,088	947	4,035
Amortisation provided during the year	(2,606)	(314)	(2,920)
At 31 December 2023	7,050	1,067	8,117
At 31 December 2023:			
Cost	11,047	1,463	12,510
Accumulated amortisation	(3,997)	(396)	(4,393)
Net carrying amount	7,050	1,067	8,117

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	IP licenses	Software	Total
	RMB’000	RMB’000	RMB’000
31 December 2024			
At 1 January 2024:			
Cost	11,047	1,463	12,510
Accumulated amortisation	(3,997)	(396)	(4,393)
Net carrying amount	7,050	1,067	8,117
At 1 January 2024, net of accumulated amortisation	7,050	1,067	8,117
Additions	1,590	1,404	2,994
Amortisation provided during the year	(2,773)	(590)	(3,363)
At 31 December 2024	5,867	1,881	7,748
At 31 December 2024:			
Cost	12,637	2,867	15,504
Accumulated amortisation	(6,770)	(986)	(7,756)
Net carrying amount	5,867	1,881	7,748
31 December 2025			
At 1 January 2025:			
Cost	12,637	2,867	15,504
Accumulated amortisation	(6,770)	(986)	(7,756)
Net carrying amount	5,867	1,881	7,748
At 1 January 2025, net of accumulated amortisation	5,867	1,881	7,748
Additions	1,099	11,405	12,504
Disposals	—	(54)	(54)
Amortisation provided during the year	(2,134)	(1,226)	(3,360)
At 31 December 2025	4,832	12,006	16,838
At 31 December 2025:			
Cost	13,736	14,140	27,876
Accumulated amortisation	(8,904)	(2,134)	(11,038)
Net carrying amount	4,832	12,006	16,838

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The Company

	IP licenses	Software	Total
	RMB’000	RMB’000	RMB’000
31 December 2023			
At 1 January 2023:			
Cost	6,204	516	6,720
Accumulated amortisation	(1,254)	(82)	(1,336)
Net carrying amount	4,950	434	5,384
At 1 January 2023, net of accumulated amortisation	4,950	434	5,384
Additions	1,109	—	1,109
Amortisation provided during the year	(1,936)	(143)	(2,079)
At 31 December 2023	4,123	291	4,414
At 31 December 2023:			
Cost	7,313	516	7,829
Accumulated amortisation	(3,190)	(225)	(3,415)
Net carrying amount	4,123	291	4,414
31 December 2024			
At 1 January 2024:			
Cost	7,313	516	7,829
Accumulated amortisation	(3,190)	(225)	(3,415)
Net carrying amount	4,123	291	4,414
At 1 January 2024, net of accumulated amortisation	4,123	291	4,414
Additions	—	92	92
Amortisation provided during the year	(1,383)	(112)	(1,495)
At 31 December 2024	2,740	271	3,011
At 31 December 2024:			
Cost	7,313	608	7,921
Accumulated amortisation	(4,573)	(337)	(4,910)
Net carrying amount	2,740	271	3,011
	IP licenses	Software	Total
	RMB’000	RMB’000	RMB’000
31 December 2025			
At 1 January 2025:			
Cost	7,313	608	7,921
Accumulated amortisation	(4,573)	(337)	(4,910)
Net carrying amount	2,740	271	3,011
At 1 January 2025, net of accumulated amortisation	2,740	271	3,011
Additions	1,099	11,350	12,449
Amortisation provided during the year	(700)	(474)	(1,174)
At 31 December 2025	3,139	11,147	14,286
At 31 December 2025:			
Cost	8,412	11,958	20,370
Accumulated amortisation	(5,273)	(811)	(6,084)
Net carrying amount	3,139	11,147	14,286

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17. INVESTMENT IN AN ASSOCIATE

The Group’s shareholding in an associate is held through the Company. Nanning Qingzhi Electronic Technology Co., Ltd. (南寧清智電子科技有限公司) (“**Nanning Qingzhi**”) is considered as an immaterial associate of the Group.

Particulars of the associate as at the end of the Relevant Periods are as follows:

Name	Place of registration	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activity
Nanning Qingzhi	PRC	RMB12,590,000	23.8%	Integrated circuit design

The Group has discontinued the recognition of its share of losses of the associate from 2023 because the share of losses of the associate exceeded the Group’s interest in the associate, and the Group has no obligation to take up further losses.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted shares, at cost	223,091	303,123	301,396
Deemed investment arising from share-based payment	26,702	29,181	39,431
	<u>249,793</u>	<u>332,304</u>	<u>340,827</u>

19. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Negotiable certificates of deposit	20,729	—	20,000

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Negotiable certificates of deposit	10,729	—	20,000

The above unlisted investments are negotiable certificates of deposit issued by banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

20. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Equity investment designated at fair value through other comprehensive income			
Unlisted equity investment, at fair value:			
Hefei Ruituo Microelectronics Co., Ltd.			
(合肥瑞拓微電子有限公司) (“ Hefei Reituo ”).	7,000	8,000	10,000
	<u>7,000</u>	<u>8,000</u>	<u>10,000</u>

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

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In March 2022, the Group acquired 2% equity interest in Wuhu Ruite Microelectronics Co.,Ltd. (“**Wuhu Ruite**”) at a consideration of RMB10,000,000, the principal activity of Wuhu Ruite is the research and development of micro controller unit chips. The consideration is determined with reference to the equity valuation of Wuhu Ruite as of the date of investment. In September 2023, due to the internal group structure reorganisation, the shareholders of Wuhu Ruite determined to deregister Wuhu Ruite and replace the equity interest in Wuhu Ruite by the equity interest in Hefei Ruituo, a subsidiary of Wuhu Ruite. Accordingly, the Group entered into a share transfer agreement with Wuhu Ruite and its shareholders, pursuant to which Wuhu Ruite has agreed to transfer its 4% equity interest in Hefei Ruituo to the Group at zero consideration in order to replace the Group’s original investment in Wuhu Ruite. Upon completion of the above transaction in 2023, the Group’s 2% equity interest in Wuhu Ruite was converted into a 4% equity interest in Hefei Ruituo.

21. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials	6,151	8,807	32,157
Work in progress	19,930	23,706	44,429
Finished goods	15,172	18,590	46,463
	41,253	51,103	123,049

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials	3,921	3,501	18,169
Work in progress	13,988	19,662	30,611
Finished goods	8,623	14,904	35,904
	26,532	38,067	84,684

22. TRADE AND BILL RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	6,988	8,809	13,146
Allowance for expected credit losses	(1,142)	(3,070)	(1,113)
Trade receivables, net	5,846	5,739	12,033
Bill receivable	—	—	150
Trade and bill receivables, net	5,846	5,739	12,183

Bill receivable is subject to impairment under the general approach and the impairment is considered to be minimal.

The Group’s trading terms with its customers are mainly received in advance, and only a few customers are on credit. The credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group’s trade receivables mainly due from certain important customers. Although the credit risk is relatively concentrated, majority of trade receivables is aged within one year, and the credit risk has not increased significantly. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

Included in the Group’s trade receivables is an amount due from an associate of RMB23,000, RMB365,000 and nil, which is net of allowance for expected credit losses of RMB1,000, RMB19,000 and RMB384,000 as at the end of each of the Relevant Periods, respectively. The amount due from an associate is repayable on credit terms similar to those offered to the major customers of the Group.

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An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	1,620	1,752	11,547
1 to 2 years	4,226	1,346	486
2 to 3 years	—	2,641	—
	<u>5,846</u>	<u>5,739</u>	<u>12,033</u>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of year	838	1,142	3,070
Impairment losses/(reversal), net (<i>note 7</i>)	304	1,928	(1,845)
Amount written off as uncollectible	—	—	(112)
At the end of year	<u>1,142</u>	<u>3,070</u>	<u>1,113</u>

An impairment analysis is performed at the end of each of the Relevant Period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the reporting period about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	As at 31 December 2023		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
On an individual basis:			
Individually assessed	—	100.00%	—
On a collective basis:			
Within 1 year	1,706	5.00%	85
1 to 2 years	5,282	20.00%	1,057
2 to 3 years	—	50.00%	—
Above 3 years	—	100.00%	—
Total	<u>6,988</u>	<u>16.34%</u>	<u>1,142</u>

	As at 31 December 2024		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
On an individual basis:			
Individually assessed	—	100.00%	—
On a collective basis:			
Within 1 year	1,845	5.00%	92
1 to 2 years	1,682	20.00%	337
2 to 3 years	5,282	50.00%	2,641
Above 3 years	—	100.00%	—
Total	<u>8,809</u>	<u>34.84%</u>	<u>3,070</u>

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As at 31 December 2025			
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
On an individual basis:			
Individually assessed	384	100.00%	384
On a collective basis:			
Within 1 year	12,155	5.00%	608
1 to 2 years	607	20.00%	121
2 to 3 years	—	50.00%	—
Above 3 years	—	100.00%	—
Total	13,146	8.47%	1,113

The Company

As at 31 December			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	37,807	22,128	10,281
Allowance for expected credit losses	—	—	(292)
Trade receivables, net	37,807	22,128	9,989

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

As at 31 December			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within one year	37,807	22,128	9,989

The movements in the allowance for expected credit losses of trade receivables are as follows:

As at 31 December			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of year	201	—	—
Impairment losses/(reversal), net	(201)	—	292
At the end of year	—	—	292

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2023			
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
On an individual basis:			
(i) Individually assessed	—	100.00%	—
(ii) Due from subsidiaries	37,807	—	—
Total	37,807	—	—

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As at 31 December 2024			
	Gross Carrying amount RMB’000	Expected credit loss rate	Expected credit losses RMB’000
On an individual basis:			
(i) Individually assessed.	—	100.00%	—
(ii) Due from subsidiaries.	22,128	—	—
Total.	22,128	—	—
As at 31 December 2025			
	Gross Carrying amount RMB’000	Expected credit loss rate	Expected credit losses RMB’000
On an individual basis:			
(i) Individually assessed.	—	100.00%	—
(ii) Due from subsidiaries.	4,443	—	—
On a collective basis:			
Within 1 year	5,838	5.00%	292
Total.	10,281	2.84%	292

During the Relevant Periods, the Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

As at 31 December			
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Current			
Prepayments	17,686	10,549	41,951
Deposits and other receivables*	2,489	4,266	4,091
Value-added tax recoverable	11,008	10,619	18,962
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	31,183	25,434	66,973
Less: Impairment*	(195)	(284)	(3,190)
Total	30,988	25,150	63,783
Non-current			
Deposits*	496	486	561

* Deposits and other receivables are unsecured and non-interest-bearing. Included in deposits and other receivables is an amount due from an associate of RMB1,914,000, RMB3,008,000 and nil, which is net of impairment of RMB101,000, RMB158,000 and RMB3,103,000, as at 31 December 2023, 2024 and 2025, respectively.

As at 31 December 2023, 2024 and 2025, except for impairment on the amount due from an associate, the impairment of the financial assets included in prepayments, deposits and other receivables were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Prepayments	8,825	5,191	30,144
Deposits and other receivables	2,301	3,528	3,742
Amounts due from subsidiaries	19,462	32,355	106,178
Value-added tax recoverable	3,921	2,483	5,685
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	34,509	43,557	147,718
Less: Impairment	(172)	(226)	(60,945)
Total	34,337	43,331	86,773
Non-current			
Deposits	191	164	228

The amounts due from a subsidiary of RMB5,500,000 are repayable by instalments from July 2026 to November 2026 with an annual interest rate of 4%. Except for the aforementioned amounts, the deposits and other receivables, and the amounts due from subsidiaries are unsecured, interest free and repayable on demand.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products	116,641	123,804	—
Structured Deposits	10,000	40,000	10,000
	126,641	163,804	10,000

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products	116,641	107,362	—
Structured Deposits	—	35,000	10,000
	116,641	142,362	10,000

The wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances	87,675	37,615	196,533

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances			
Denominated in			
– RMB	86,394	37,068	194,863
– USD	1,182	516	1,125
– HKD	99	31	545
	87,675	37,615	196,533

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The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances denominated in RMB	70,540	34,440	181,924

26. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	10,330	9,683	17,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	4,336	3,990	14,337
Due to subsidiaries	—	—	561
Total	4,336	3,990	14,898

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on transaction date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	5,201	4,399	17,668
Over one year	5,129	5,284	159
Total	10,330	9,683	17,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	4,335	3,989	14,890
Over one year	1	1	8
Total	4,336	3,990	14,898

The trade payables are non-interest-bearing and are mainly on credit terms with credit periods of 30 to 90 days.

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27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sale of products and provision of services	21,128	20,792	20,984

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sale of products and provision of services	19,975	20,365	20,646

Contract liabilities include short-term advances received to deliver products and provision of service.

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current liabilities			
Payroll payables	25,271	14,700	16,428
Advance payment from an investor*	—	—	19,090
Other tax payables	2,775	3,124	3,165
Other payables and accruals**	3,040	498	7,844
Borrowing from a non-controlling shareholder***	—	—	1,000
	31,086	18,322	47,527
Non-current liabilities			
Payable for purchase of intangible assets****	—	—	7,303
Total	31,086	18,322	54,830

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current liabilities			
Payroll payables	14,504	8,639	9,416
Advance payment from an investor*	—	—	19,090
Other tax payables	1,316	1,270	2,675
Other payables and accruals**	2,269	73	7,635
Amounts due to subsidiaries**	84,742	102,030	95,411
	102,831	112,012	134,227
Non-current liabilities			
Payable for purchase of intangible assets****	—	—	7,303
Total	102,831	112,012	141,530

* As at 26 December 2025, the Company entered into investment agreement with Qingdao Zhongyun Wuhao Venture Capital Fund Partnership (Limited Partnership) (青島中雲伍號創業投資基金合夥企業(有限合夥)) (“**Qingdao Zhongyun**”) and agreed to subscribe certain shares of the Company to the investor. The investor made a portion of advance payment amounted to 19,090,000, the relevant shares are issued and allotted to the investor subsequently on 12 January 2026.

** Other payables and accruals, and amounts due to subsidiaries are unsecured, interest free and repayable on demand.

*** Borrowing from a non-controlling shareholder is unsecured. In January 2026, the borrowing from a non-controlling shareholder has been fully settled.

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**** Payment term in respect of the payable for purchase of intangible assets is based on an agreed payment schedule with a supplier which will be due on February 2027 and February 2028, the Company consider the financing component included in the payable is insignificant.

29. INTEREST-BEARING BANK BORROWINGS

The Group and The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate (%)	Maturity	RMB’000	Effective Interest rate (%)	Maturity	RMB’000	Effective Interest rate (%)	Maturity	RMB’000
Current									
Bank loans – unsecured . . .	3.05%-4.35%	2024	11,600	2.9%-3%	2025	41,040	2.35%-2.70%	2026	79,503
Bank loans – secured . . .	—	—	—	3%-3.85%	2025	18,215	2.65%	2026	10,000
Total			<u>11,600</u>			<u>59,255</u>			<u>89,503</u>

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed into:			
Bank loans repayable:			
Within one year or on demand	11,600	59,255	89,503
Total	<u>11,600</u>	<u>59,255</u>	<u>89,503</u>

Notes:

- (i) All borrowings were denominated in RMB as at 31 December 2023, 2024 and 2025.
- (ii) As at 31 December 2024 and 31 December 2025, bank loans of RMB18,215,000 and RMB10,000,000, respectively, were secured by certain patents of the Group. These patent rights had not previously been capitalised in the Historical Financial Information.

30. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants	<u>746</u>	<u>497</u>	<u>3,475</u>

The movements of deferred income for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of the year	994	746	497
Grants received during the year	—	—	3,651
Amounts released to profit or loss during the year	(248)	(249)	(673)
At end of the year	<u>746</u>	<u>497</u>	<u>3,475</u>

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31. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

The Group

	Lease liabilities
	RMB’000
At 1 January 2023	1,373
Deferred tax charged to profit or loss during the year.	(265)
At 31 December 2023 and 1 January 2024	1,108
Deferred tax charged to profit or loss during the year	(626)
At 31 December 2024 and 1 January 2025	482
Deferred tax charged to profit or loss during the year.	(304)
At 31 December 2025	178

The movements in deferred tax assets during the Relevant Periods are as follows:

The Company

	Lease liabilities
	RMB’000
At 1 January 2023	567
Deferred tax charged to profit or loss during the year.	(118)
At 31 December 2023 and 1 January 2024	449
Deferred tax charged to profit or loss during the year.	(250)
At 31 December 2024 and 1 January 2025	199
Deferred tax charged to profit or loss during the year.	(118)
At 31 December 2025	81

The movements in deferred tax liabilities during the Relevant Periods are as follows:

The Group

	Right-of-use assets
	RMB’000
At 1 January 2023	1,373
Deferred tax credited to profit or loss during the year	(265)
At 31 December 2023 and 1 January 2024	1,108
Deferred tax credited to profit or loss during the year	(626)
At 31 December 2024 and 1 January 2025	482
Deferred tax credited to profit or loss during the year	(304)
At 31 December 2025	178

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The movements in deferred tax liabilities during the Relevant Periods are as follows:

The Company

	Right-of-use assets
	RMB’000
At 1 January 2023	567
Deferred tax credited to profit or loss during the year	(118)
At 31 December 2023 and 1 January 2024	449
Deferred tax credited to profit or loss during the year	(250)
At 31 December 2024 and 1 January 2025	199
Deferred tax credited to profit or loss during the year	(118)
At 31 December 2025	81

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net deferred tax assets recognised in the consolidated statements of financial position.	—	—	—
Net deferred tax liabilities recognised in the consolidated statements of financial position.	—	—	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net deferred tax assets recognised in the statements of financial position	—	—	—
Net deferred tax liabilities recognised in the statements of financial position	—	—	—

32. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue (in thousand)	Share capital RMB’000
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1.00 each (<i>note c</i>)	9,715	9,715
Issue of ordinary shares (<i>note a</i>)	437	437
As at 31 December 2025	10,152	10,152

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Paid-in capital

	Registered and paid-in capital
	RMB’000
As at 1 January 2023	6,939
Capital contribution by shareholders (<i>note b</i>)	2,776
As at 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	9,715
Conversion into a joint stock company (<i>note c</i>)	(9,715)
As at 31 December 2025	–

Notes:

- (a) Pursuant to the approval in the shareholders’ meeting in 2025, 437,000 shares of RMB1.00 each were issued to certain investors at a total consideration of RMB131,771,000, which has been fully paid during the year ended 31 December 2025. The capital contribution has increased the share capital and capital reserve by RMB437,000 and RMB131,334,000, respectively.
- (b) Pursuant to the approval in the shareholders’ meeting in 2023, the registered capital of the Company was increased from RMB6,939,000 to RMB9,715,000. The increase in registered capital of RMB2,776,000 was subscribed by certain investors, including certain directors of the Company, at a total consideration of RMB288,307,000, which has been fully paid during the year ended 31 December 2023. The capital contribution has increased the paid-in capital and capital reserve by RMB2,776,000 and RMB285,531,000, respectively.
- (c) Pursuant to the approval in the shareholders’ meeting held in October 2025, the Company was converted from a limited liability company into a joint stock limited company on 5 November 2025. Upon conversion, the net assets of the Company as at 31 August 2025 were capitalised into 9,715,000 ordinary shares with a nominal value of RMB1.00 each, which were allotted to the existing shareholders in proportion to their respective interests prior to the conversion. The excess of net assets value as at 31 August 2025 over the nominal value of the share capital was recorded as capital reserve of the Company.
- (d) Pursuant to the shareholders’ agreements entered into during the Relevant Periods (collectively, the “**Agreements**”), certain investors (collectively the “**Pre-[REDACTED] Investors**”) subscribed for RMB4,189,000 capital of the Company for a total net cash proceed of approximately RMB566,300,000 (collectively the “**Pre-[REDACTED] Investments**”). Pursuant to the Agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights (the “**Special Rights**”) which included. redemption rights and liquidation preferences rights.

There was no exercise of the Special Rights throughout the Relevant Periods.

On 13 October 2025, the Company and all of its shareholders (including the Pre-[REDACTED] Investors subsequently entered into supplemental agreements (the “**Supplemental Agreements**”), agreeing that the certain of the Special Rights granted by the Company to the Pre-[REDACTED] Investors, including redemption rights, has been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the Supplemental Agreements, the Directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

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Had the redemption rights and liquidation preferences rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements, (i) the redemption financial liabilities, total current liabilities, net liabilities and net current liabilities would have been:

	As at 31 December	
	2023	2024
	RMB’000	RMB’000
Redemption financial liabilities	606,923	651,629
Total current liabilities	684,535	762,172
Net liabilities	338,942	451,383
Net current liabilities	392,132	478,761

And (ii) the finance costs associated with the redemption financial liabilities, and the net loss for each of the Relevant Periods, would have been:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial costs associated with the redemption financial liabilities	(33,584)	(44,706)	(29,682)
Total net loss	(187,005)	(125,526)	(124,228)
Basic and diluted loss per share (expressed in RMB)	(22.69)	(12.92)	(12.79)

33. SHARE-BASED PAYMENTS

Share Incentive Scheme

In recognising the contributions of directors, senior management, employees and consultants and to incentivise them to further promote the development of the Company, the Company adopted a share incentive scheme (the “Share Incentive Scheme”) to award the partnership interest in the share incentive platforms to the scheme participants.

In order to implement the Share Incentive Scheme, Guangdong Xichuang Leyuan Equity Investment Center (Limited Partnership) (廣東曦創樂遠股權投資中心(有限合夥)) (“Xichuang Leyuan”), and Guangdong Xichuang Lekang Equity Investment Center (Limited Partnership) (廣東曦創樂康股權投資中心(有限合夥)) (“Xichuang Lekang”), were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

For the purpose of granting incentive shares to the Share Incentive Scheme’s participants, an entity controlled by a shareholder of the Company transferred certain of its shares of the Company to Xichuang Leyuan and Xichuang Lekang, and the Company also issued its shares to Xichuang Leyuan and Xichuang Lekang.

During the Relevant Periods, the Company granted 170,720 shares to 140 grantees, 84,585 shares to 129 grantees and 129,647 shares to 129 grantees through Xichuang Lekang, respectively; and the Company granted 9,825 shares to 2 grantees through Xichuang Leyuan during the year ended 31 December 2023.

Each of the shares of the share platforms granted to grantees is subject to service condition, the service period requirement varies among incentive grantees and is determined on an individual basis. The service period requires the incentive grantees to remain in the Company from the date of grant to the end of the service period. The exercise price of the shares granted through Xichuang Lekang ranged from RMB nil per share to RMB195.97 per share, and the exercise price of the shares granted through Xichuang Leyuan ranged from RMB nil per share to RMB129.34, per share, respectively.

On 31 August 2025, the vesting conditions of all unvested shares issued by the share incentive platforms to grantees were amended upon amendment of the Share Incentive Scheme, all outstanding shares became immediately vested and no longer subject to any service period conditions, the Group has accounted for the amendment as a modification to the Share Incentive Scheme. Accordingly, the share based payment expenses that had not been recognised were recognised immediately on the modification date.

Included in the shares granted in 2025, 42,278 shares were granted after 31 August 2025, of which 25,081 granted shares are immediately vested, and 17,197 granted shares are subject to a vesting schedule of four years pursuant to which one-fourth(1/4) of the awarded shares shall become vested on the first, second, third and fourth years since grant date, respectively.

Except for the period from 1 April 2024 to 30 April 2025, the fair value of the shares granted was measured with reference to the most recent share issued price to the Company’s independent investors which was close to the fair value of the grant date of the incentive shares through the platforms. For the period from 1 April 2024 to 30 April 2025, the fair value of shares granted was measured by deriving a per-share value from the Company’s total equity fair value, which was determined using the discounted cash flow method and adjusted for any applicable discount for lack of marketability (DLOM), taking into account the specific grant terms and conditions. The following table lists the inputs to the model used:

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The following table lists the significant inputs to the discounted cashflow fair value model used:

Expected volatility (%)	43.00
Risk-free interest rate (%)	1.12
WACC (%)	15.00
DLOM (%)	20.00

The shares of the Company granted indirectly through the share platforms and the outstanding shares under the Share Incentive Scheme during the Relevant Periods were as follows:

	Number of shares
At 1 January 2023	439,372
Granted during the year	180,545
Vested during the year	(266,891)
Forfeited during the year	(82,226)
At 31 December 2023 and 1 January 2024	270,800
Granted during the year	84,585
Vested during the year	(136,915)
Forfeited during the year	(33,589)
At 31 December 2024 and 1 January 2025	184,881
Granted during the year	129,647
Vested during the year	(291,775)
Forfeited during the year	(5,556)
At 31 December 2025	17,197

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based payment expense of RMB24,191,000, RMB12,085,000 and RMB31,313,000, respectively.

34. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Capital reserve

The capital reserve mainly represents the difference between the value of share capital and the consideration received and the transfer of share-based payments reserve to capital reserve upon the vesting of shares under the Share Incentive Scheme, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 33 to the Historical Financial Information.

(iii) Fair value reserve of equity investment at fair value through other comprehensive

The fair value reserve of equity investment at fair value through other comprehensive of the Group represents the changes in the fair value of equity investment designated at fair value through other comprehensive income, the gains or losses arising from the changes in the fair value of the equity investment are recorded in other comprehensive income.

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The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	323,434	29,858	(167,383)	185,909
Loss for the year	—	—	(85,655)	(85,655)
Total comprehensive loss for the year	—	—	(85,655)	(85,655)
Capital contribution by shareholders	285,531	—	—	285,531
Share-based payments	—	24,191	—	24,191
Vesting of share-based payment	23,378	(23,378)	—	—
At 31 December 2023	632,343	30,671	(253,038)	409,976

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2024	632,343	30,671	(253,038)	409,976
Loss for the year	—	—	(6,296)	(6,296)
Total comprehensive loss for the year	—	—	(6,296)	(6,296)
Share-based payments	—	12,085	—	12,085
Vesting of share-based payment	17,886	(17,886)	—	—
At 31 December 2024	650,229	24,870	(259,334)	415,765

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2025	650,229	24,870	(259,334)	415,765
Loss for the year	—	—	(105,795)	(105,795)
Total comprehensive loss for the year	—	—	(105,795)	(105,795)
Issue of ordinary shares	131,334	—	—	131,334
Share-based payments	—	31,313	—	31,313
Conversion into a joint stock company	(298,610)	—	298,610	—
Vesting of share-based payment	55,784	(55,784)	—	—
At 31 December 2025	538,737	399	(66,519)	472,617

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB2,489,000, RMB1,849,000 and RMB148,000 and non-cash additions to lease liabilities of RMB2,462,000, RMB1,831,000 and RMB144,000, respectively, in respect of lease arrangements for office premises.

In March 2025, the Group entered into an agreement with a customer and a supplier to reach an arrangement of offsetting the trade payable due to a supplier against the Group’s trade receivable from a customer. As a result of the offsetting, the Group had non-cash decrease in trade receivable with carrying amount of RMB2,641,000 and non-cash decrease in trade payable with carrying amount of RMB5,128,000. A reversal of allowance for expected credit loss of RMB2,487,000 was charged to profit or loss during the year ended 31 December 2025.

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(b) Changes in liabilities arising from financing activities

	Interest- bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	19,640	9,253	28,893
Changes from financing cash flows	(8,656)	(4,224)	(12,880)
New leases	—	2,462	2,462
Interest expense	616	420	1,036
Termination of leases	—	(31)	(31)
At 31 December 2023 and 1 January 2024	11,600	7,880	19,480
Changes from financing cash flows	46,806	(3,165)	43,641
New leases	—	1,831	1,831
Interest expense	849	154	1,003
Termination of leases	—	(3,298)	(3,298)
At 31 December 2024 and 1 January 2025	59,255	3,402	62,657
Changes from financing cash flows	27,643	(2,204)	25,439
New leases	—	144	144
Interest expense	2,605	93	2,698
At 31 December 2025	89,503	1,435	90,938

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	13	14	54
Within financing activities	4,224	3,165	2,204
Total	4,237	3,179	2,258

36. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s bank facilities are included in note 29 to the Historical Financial Information.

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37. RELATED PARTY TRANSACTION

- (a) Name and relationship of the related party:

	Relationship with the Group
Nanning Qingzhi	Associate

- (b) The Group had the following transaction with a related party during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of goods to related parties:			
Nanning Qingzhi	81	340	—

- (c) The Group had the following outstanding balances with a related party:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade and bill receivables*			
Nanning Qingzhi	23	365	—
Prepayments and other receivables**			
Nanning Qingzhi	1,914	3,008	—

* Trade and bill receivables are of a trade nature.

** Prepayments and other receivables are of a non-trade nature.

The amounts are presented at net value.

- (d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances and benefits in kind	3,070	3,309	3,499
Performance related bonuses	1,452	1,613	1,893
Pension scheme contributions	529	543	644
Share-based payments	2,914	575	1,973
	<u>7,965</u>	<u>6,040</u>	<u>8,009</u>

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38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

The Group

Financial assets	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	126,641	163,804	10,000
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	20,729	—	20,000
Equity investments designated at fair value through other comprehensive income	7,000	8,000	10,000
	27,729	8,000	30,000
Financial assets at amortised cost:			
Trade and bill receivables	5,846	5,739	12,183
Financial assets included in prepayments, deposits and other receivables	2,790	4,468	1,462
Cash and cash equivalents	87,675	37,615	196,533
	96,311	47,822	210,178

The Company

Financial assets	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	116,641	142,362	10,000
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	10,729	—	20,000
Financial assets at amortised cost:			
Trade and bill receivables	37,807	22,128	9,989
Financial assets included in prepayments, deposits and other receivables	21,782	35,821	49,203
Cash and cash equivalents	70,540	34,440	181,924
	130,129	92,389	241,116

Financial liabilities

The Group

Financial liabilities	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At amortised cost:			
Trade payables	10,330	9,683	17,827
Financial liabilities included in other payables and accruals	3,040	498	31,007
Lease liabilities	7,880	3,402	1,435
Interest-bearing bank borrowings	11,600	59,255	89,503
	32,850	72,838	139,772

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The Company

Financial liabilities

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At amortised cost:			
Trade payables	4,336	3,990	14,898
Financial liabilities included in other payables and accruals	87,011	102,103	125,209
Lease liabilities	3,404	1,561	612
Interest-bearing bank borrowings	11,600	59,255	89,503
	<u>106,351</u>	<u>166,909</u>	<u>230,222</u>

For the details of pre-[REDACTED] investments, please refer to note 32 to this report.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023, 2024 and 2025, the fair values of the Group’s financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade and bill receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products and structured deposits and negotiable certificates of deposit issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

Unlisted equity investments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
31 December 2023.	Market Capitalization Calibration	Average market-cap multiple of peers	-54.38%~-10.19%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/decrease in fair value by RMB349,000.
31 December 2024.	Market Capitalization Calibration	Average market-cap multiple of peers	-68.30%~62.79%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/decrease in fair value by RMB420,000.
31 December 2025.	Market Capitalization Calibration	Average market-cap multiple of peers	-66.07%~81.11%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/decrease in fair value by RMB500,000.

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Fair value hierarchy

The Group

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	126,641	—	126,641
Debt investments at fair value through other comprehensive income	—	20,729	—	20,729
Equity investments designated at fair value through other comprehensive income	—	—	7,000	7,000

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	163,804	—	163,804
Equity investments designated at fair value through other comprehensive income	—	—	8,000	8,000

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Debt investments at fair value through other comprehensive income	—	20,000	—	20,000
Equity investments designated at fair value through other comprehensive income	—	—	10,000	10,000

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The Company

The following tables illustrate the fair value measurement hierarchy of the Company’s financial instruments:

As at 31 December 2023

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1)	inputs (Level 2)	inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	116,641	—	116,641
Debt investments at fair value through other comprehensive income	—	10,729	—	10,729

As at 31 December 2024

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1)	inputs (Level 2)	inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	142,362	—	142,362

As at 31 December 2025

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1)	inputs (Level 2)	inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Debt investments at fair value through other comprehensive income	—	20,000	—	20,000

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, financial assets at fair value through other comprehensive income. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bill receivables, trade payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and staging as at the end of each of the Relevant Periods

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

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At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	6,988	6,988
Financial assets included in prepayments, deposits and other receivables					
— Normal**	2,985	—	—	—	2,985
Debt investments at fair value through other comprehensive income	20,729	—	—	—	20,729
Cash and cash equivalents	87,675	—	—	—	87,675
	111,389	—	—	6,988	118,377

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	8,809	8,809
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,752	—	—	—	4,752
Cash and cash equivalents	37,615	—	—	—	37,615
	42,367	—	—	8,809	51,176

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	13,146	13,146
Bill receivables.					
— Normal**	150	—	—	—	150
Financial assets included in prepayments, deposits and other receivables					
— Normal**	1,549	—	—	—	1,549
— Doubtful**	—	—	3,103	—	3,103
Debt investments at fair value through other comprehensive income	20,000	—	—	—	20,000
Cash and cash equivalents	196,533	—	—	—	196,533
	218,232	—	3,103	13,146	234,481

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

APPENDIX I

ACCOUNTANTS’ REPORT

Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2023		
	Less than 1 year	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
Trade payables	5,201	5,129	10,330
Financial liabilities included in other payables and accruals	3,040	—	3,040
Lease liabilities	4,059	6,390	10,449
Interest-bearing bank borrowings	11,871	—	11,871
	24,171	11,519	35,690

	As at 31 December 2024		
	Less than 1 year	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
Trade payables	4,399	5,284	9,683
Financial liabilities included in other payables and accruals	498	—	498
Lease liabilities	2,402	1,258	3,660
Interest-bearing bank borrowings	60,112	—	60,112
	67,411	6,542	73,953

	As at 31 December 2025		
	Less than 1 year	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
Trade payables	17,668	159	17,827
Financial liabilities included in other payables and accruals	23,704	7,303	31,007
Lease liabilities	2,089	161	2,250
Interest-bearing bank borrowings	90,338	—	90,338
	133,799	7,623	141,422

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	350,751	312,486	459,847
Total liabilities	82,770	112,240	188,083
Asset-liability ratio	23.60%	35.92%	40.90%

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ACCOUNTANTS’ REPORT

41. EVENTS AFTER THE REPORTING PERIOD

On 5 January 2026 and 12 January 2026, the Group received additional investment proceeds from Qingdao Zhongyun amounted to RMB1,000,000 and RMB1,570,000 pursuant to the investment agreement as disclosed in note 28 to the Historical Financial Information. On 12 January 2026, the shares were issued and allotted to the investor with an increase in share capital and capital reserve of RMB66,795 and RMB21,593,205, respectively.

On 5 January 2026, Changchun Zhangxing Equity Investment Fund Partnership (Limited Partnership) (長春長興股權投資基金合夥企業(有限合夥)), has subscribed 61,676 ordinary shares of the Company at a price of RMB324.28 per share with a total cash consideration of RMB20,000,000. The subscription has resulted in an increase in share capital and capital reserve of RMB61,676 and RMB19,938,324, respectively.

On 6 February 2026, Xiamen Lingkai Xingwei Future Venture Capital Partnership (Limited Partnership) (廈門翎凱芯未來創業投資合夥企業(有限合夥)) and Ms. Wan Li (萬麗), both are independent third parties, have subscribed 161,939 ordinary shares of the Company at a price of RMB358.16 per share with a total cash consideration of RMB58,000,000. The subscription has resulted in an increase in share capital and capital reserve of RMB161,939 and RMB57,838,061, respectively.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the “Financial Information” section in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 “Preparation of [REDACTED] Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to owners of the Company as of 31 December 2025 as if the [REDACTED] had taken place on that date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the [REDACTED] been completed as at 31 December 2025 or at any future date.

	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2025	
	RMB’000 (Note 1)	RMB’000 (Note 2, 4)	RMB’000	RMB (Note 3)	HK\$ (Note 4)
Based on an [REDACTED] of HK\$[REDACTED] per Share	253,629	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	253,629	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 were equal to the net assets attributable to owners of the Company as at 31 December 2025 of RMB270,467,000, less intangible assets of RMB16,838,000 as of 31 December 2025 set out in the Accountants’ Report in Appendix I in this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK\$[REDACTED] or HK\$[REDACTED] per Share, after the deduction of the [REDACTED] fees and other related expense payable by the Company (excluding the [REDACTED] that have been charged to profit or loss during the Relevant Periods) and do not take into account any shares which may be [REDACTED] upon exercise of the [REDACTED].
- (3) On 21 November 2025, the shareholders of the Company resolved that each of the share with nominal value of RMB1.00 will be subdivided into ten Shares with nominal value of RMB0.1 each immediately prior to the [REDACTED] (“Share subdivision”). The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of [REDACTED] Shares that are in issue assuming the Share Subdivision and the [REDACTED] have been completed on 31 December 2025 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED].
- (4) For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets, the estimated net [REDACTED] from the [REDACTED] are converted from Hong Kong dollars into Renminbi (“RMB”) at an exchange rate of HK\$1.00 to RMB0.8703 and the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025. In particular, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company on the table as shown on above have not been adjusted to show the effect of (i) the subscription of 290,410 ordinary shares (before the Share Subdivision) of the Company by certain investors for a consideration of RMB99,660,000. Had the subscription of RMB99,660,000 and the Share Subdivision have been completed on 31 December 2025, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2025 would have been increased by RMB99,660,000 (equivalent to HK\$114,512,000) and the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2025 would be HK\$[REDACTED] and HK\$[REDACTED] based on the [REDACTED] of HK\$[REDACTED] per Share and HK\$[REDACTED] per Share, respectively.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

Holders of H Shares are required to pay income tax and capital gains tax in accordance with the laws and practices of the PRC and the jurisdictions where the holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant tax regulations is based on the current laws and practices, without considering the expected changes or amendments to the relevant laws or policies, and does not constitute any opinion or advice. The discussion does not cover all possible tax consequences relating to [REDACTED] in H Shares, nor does it take into account the specific circumstances of any particular [REDACTED], some of whom may be subject to special regulation. Therefore, you should consult your own tax consultant regarding the tax consequences of [REDACTED] in H Shares. The discussion is based on the laws and relevant interpretations effective as of the Latest Practicable Date, and such laws and interpretations may be subject to changes or adjustments and may have retroactive effect.

This discussion does not address any aspects of the PRC taxation other than income tax, capital gains tax, business tax/value-added tax (VAT), stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisors regarding the PRC and other tax consequences of holding and disposing of H Shares.

TAXATION IN MAINLAND CHINA

Taxation on Dividends

Individual Investors

According to the Individual Income Tax Law of the People’s Republic of China (中華人民共和國個人所得稅法) (the “IIT Law”), which was last amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, and the Regulations for the Implementation of the IIT Law of the People’s Republic of China (中華人民共和國個人所得稅法實施條例), which was amended by the State Council on December 18, 2018 and effective from January 1, 2019, dividends paid by PRC companies to individual investors are generally subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning the Differentiated IIT Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知 (財稅[2015]101號)) issued by the Ministry of Finance, the State Taxation Administration and the CSRC on September 7, 2015 and effective from September 8, 2015, for shares of listed companies obtained by individuals via [REDACTED] and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via [REDACTED] and market transfer and held for less than one month (inclusive), the income from dividends and bonuses thereof shall be fully included in the individual’s taxable income amount; where the shares are held for a period from one month up to one year (inclusive), 50% of the income from dividends and bonuses therefore shall temporarily be included in the individual’s taxable income amount; the aforesaid income shall be subject to individual income tax at a unified tax rate of 20%.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income”) signed between the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006 and came into effect on December 8, 2006, the PRC government may impose tax on dividends paid by PRC companies to Hong Kong residents (including natural persons and legal persons), provided that such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity of a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol of the State Taxation Administration on the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書) (the “Fifth Protocol”), which was issued by the State Taxation Administration and effective from December 6, 2019, stipulates that the above provisions do not apply to those arrangements or transactions, for which one of the main purposes is to obtain such tax benefits.

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Enterprise Investors

According to the Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法) (the “EIT Law”) issued by the SCNPC, last amended and came into effect on December 29, 2018, and the Regulations on the Implementation of the EIT Law of the People’s Republic of China (中華人民共和國企業所得稅法實施條例) last amended by the State Council on December 6, 2024, and effective on January 20, 2025, a non-resident enterprise is subject to enterprise income tax at a rate of 10% with respect to its income derived from China, including dividends paid by Chinese resident enterprises that issue and list shares in Hong Kong, if the non-resident enterprise does not have an establishment or premise in the PRC, or has an establishment or premise in the PRC but the PRC-sourced income is not effectively connected with the establishment or premise in China. The above-mentioned income tax payable by non-resident enterprises is deducted at source, where the payer of the income shall withhold the income tax from the amount paid or payable each time when such payment is made or due. The relevant tax may be reduced or exempted in accordance with applicable regulations to avoid double taxation.

According to the Notice of the State Taxation Administration on Issues Concerning Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-resident Enterprise Shareholders of H-Shares (Guo Shui Han [2008] No. 897) (國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知(國稅函[2008]897號)) issued by the State Taxation Administration and effective from November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by PRC companies to Hong Kong residents (including natural persons and legal persons), provided that such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity of a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol stipulates that the above provisions do not apply to those arrangements or transactions, for which one of the main purposes is to obtain such tax benefits.

Tax Treaties

If the jurisdiction where an investor resides has entered into treaties or adjustments for the avoidance of double taxation with the PRC, the investor may be entitled to a reduction or exemption of PRC enterprise income tax on dividends received from PRC enterprises. Non-PRC resident enterprises that are entitled to a preferential tax rate under relevant tax treaties or arrangements shall apply to the Chinese tax authorities for refund of the enterprise income tax exceeding the agreed tax rate, and the refund application shall be subject to approval by the Chinese tax authorities.

Income Tax on Share Transfer

Individual Investors

According to the IIT Law and its implementation regulations, income derived from the sale of equities in PRC resident enterprises is subject to individual income tax levied at a rate of 20%. According to the Circular of the Ministry of Finance and the State Taxation Administration on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui Zi [1998] No. 61) (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知(財稅字[1998]61號)) (“Circular 61”) issued and implemented by the Ministry of Finance and the State Taxation Administration on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed enterprises shall continue to be exempted from individual income tax.

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However, according to the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知 (財稅[2009]167號)) jointly issued by the Ministry of Finance, the State Taxation Administration and the CSRC on December 31, 2009 and effective from January 1, 2010, individuals’ income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知 (財稅[2010]70號)) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that non-PRC resident individuals are subject to individual income tax on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

According to the EIT Law and its implementation regulations, if a non-resident enterprise does not have an establishment or premise in the PRC, or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise, the non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise. Such income tax payable by non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted in accordance with relevant tax treaties or agreements for the avoidance of double taxation.

Taxation Policies of Shanghai-Hong Kong Stock Connect

According to the Notice of the Ministry of Finance, the State Taxation Administration and the CSRC on Taxation Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知 (財稅[2014]81號)) effective from November 17, 2014, for the dividends and bonuses received by individual investors in the Mainland China from investing in H shares listed on the Hong Kong Stock Exchange (the “Hong Kong Stock Exchange”) through the Shanghai-Hong Kong Stock Connect, the H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the “CSDC”), which shall provide the H-share companies with the register of individual investors in the Mainland China. The H-share companies shall withhold individual income tax at a rate of 20%.

The dividend income obtained by enterprise investors in the Mainland China from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect shall be included in their total income, and subject to enterprise income tax in accordance with the law. The dividend income received by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax in accordance with the law. H-share companies are not required to withhold dividend income tax for enterprise investors in the Mainland China, and the tax payable shall be declared and paid by enterprise investors on their own.

According to the Announcement of the Ministry of Finance, the State Taxation Administration, and the CSRC on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanism for Transactions in the Shanghai-Hong Kong Stock Markets and the Shenzhen-Hong Kong Stock Markets and the Mutual Recognition of Funds between the Mainland China and Hong Kong (財政部、稅務總局、中國證監會關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告) issued on August 21, 2023 and effective on the same day, the gains derived from transfer difference by individual investors in the Mainland China from investing in stocks listed on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect will continue to be exempt from individual income tax on a temporary basis until December 31, 2027.

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Taxation Policies of Shenzhen-Hong Kong Stock Connect

According to the Notice of the Ministry of Finance, the State Taxation Administration and the CSRC on Taxation Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen-Hong Kong Stock Markets (Cai Shui [2016] No. 127) (財政部、國家稅務總局、證券會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)) effective from December 5, 2016, for the dividends and bonus received by individual investors in the Mainland China from investing in H shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H-share companies shall submit an application to the CSDC, which shall provide the H-share companies with the register of individual investors in the Mainland China. The H-share companies shall withhold individual income tax at a rate of 20%.

The dividend income received by enterprise investors in the Mainland China from investing in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect shall be included in their total income, and subject to enterprise income tax in accordance with the law. The dividend income received by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempt from enterprise income tax in accordance with the law. H-share companies are not required to withhold dividend income tax for enterprise investors in the Mainland China, and the tax payable shall be declared and paid by enterprise investors on their own.

According to the Announcement of the Ministry of Finance, the State Taxation Administration, and the CSRC on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanism for Transactions in the Shanghai-Hong Kong Stock Markets and the Shenzhen-Hong Kong Stock Markets and the Mutual Recognition of Funds between the Mainland China and Hong Kong (財政部、稅務總局、中國證監會關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告) issued on August 21, 2023 and effective on the same day, the gains derived from transfer difference by individual investors in the Mainland China from investing in stocks listed on the Hong Kong Stock Exchange under the Shenzhen-Hong Kong Stock Connect will continue to be exempt from individual income tax on a temporary basis until December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China on Stamp Duty (中華人民共和國印花稅法) issued on June 10, 2021 and effective on July 1, 2022, the PRC stamp duty only applies to specific taxable vouchers that are signed or received within the PRC, legally binding within the territory of China, and are protected by Chinese laws. Therefore, the PRC stamp duty on the transfer of shares of PRC listed companies does not apply to acquisitions or dispositions of H shares outside the PRC by non-PRC investors.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

Major Taxation of Our Company in the PRC

Enterprise Income Tax

According to the EIT Law and its implementation regulations, all enterprises and other organizations that obtain income within China (including foreign-invested enterprises) are subject to enterprise income tax at a flat tax rate of 25%.

According to the Administrative Measures for the Recognition of High-Tech Enterprises (高新技術企業認定管理辦法), which was amended by the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration on January 29, 2016 and effective on January 1, 2016, enterprises recognized as high-tech enterprises may apply for a preferential enterprise income tax rate of 15% in accordance with the relevant provisions of the EIT Law.

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (財政部、國家稅務總局關於實施小微企業和個體工

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商戶所得稅優惠政策的公告), which was issued on March 26, 2023, the annual taxable income of a small low-profit enterprise that does not exceed RMB1 million shall be included in its taxable income at a reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (財政部、稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告) issued on August 2, 2023, the policy, which allows small and low-profit enterprises to calculate taxable income at a rate of 25% and pay enterprise income tax at a tax rate of 20%, shall continue to be implemented until December 31, 2027.

Value-added Tax

According to the Interim Regulations on VAT of the People’s Republic of China (中華人民共和國增值稅暫行條例) promulgated by the State Council and last amended on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations on VAT of the People’s Republic of China (中華人民共和國增值稅暫行條例實施細則) issued by the Ministry of Finance and last amended on October 28, 2011, entities and individuals engaging in the sale of goods, supply of processing, repair, and replacement services, and import of goods within China are taxpayers of VAT and shall pay the VAT in accordance with the law. Unless otherwise stipulated, the VAT rate is 17% for taxpayers engaging in the sale or import of goods, as well as the supply of processing, repair and replacement services, and in certain specific circumstances, 11%, 6%, or 0%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting the VAT Rates (Cai Shui [2018] No. 32) (財政部、稅務總局關於調整增值稅稅率的通知 (財稅[2018]32號)), which was issued on April 4, 2018, and came into effect on May 1, 2018, the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019, and implemented on April 1, 2019, the VAT rates of 16% and 10% applicable to any general taxpayer’s VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively.

On December 25, 2024, the SCNPC issued the Value-Added Tax Law of the People’s Republic of China (中華人民共和國增值稅法) (the “VAT Law”), which shall come into effect on January 1, 2026, and replace the Interim Regulations on Value-Added Tax of the People’s Republic of China simultaneously. According to the VAT Law, entities and individuals (including individual industrial and commercial households) engaging in the sale of goods, services, intangible assets, real estate, and the import of goods in the PRC are taxpayers of VAT and shall pay the VAT in accordance with the provisions of this law. Unless otherwise stipulated, the tax rate is 13% for taxpayers engaging in the sale of goods or the supply of processing, repair and replacement services, tangible movable property leasing services and the import of goods, and in certain specific circumstances, 9%, 6%, or 0%.

Tax Preferential Policies for the Integrated Circuit Industry

According to the Guidelines on Tax and Fee Preferential Policies for Software Enterprises and Integrated Circuit Companies (2022) (軟件企業和集成電路企業稅費優惠政策指引 (2022)) issued by the State Taxation Administration in May 2022, the integrated circuit industry enjoys a variety of tax incentives. For example, integrated circuit design, equipment, materials, packaging and testing enterprises encouraged by the state can enjoy regular enterprise income tax reductions or exemptions; key integrated circuit design enterprises encouraged by the state can enjoy regular enterprise income tax reductions or exemptions; and the staff training expenses of integrated circuit design companies can be deducted before tax based on the actual amount incurred.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

According to the Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (Guo Fa [2020] No. 8) (國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知(國發[2020]8號)) (“Notice 8”) issued on July 27, 2020, and the Announcement on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告) jointly issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology on December 11, 2020, integrated circuit design, equipment, materials, packaging and testing, and software enterprises encouraged by the state are exempt from enterprise income tax for the first two years from the first profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the state are exempt from enterprise income tax for the first five years from the first profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in subsequent years. The Notice of the National Development and Reform Commission and Other Departments on Requirements for Formulating the Lists of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Tax Incentives in 2024 (Fa Gai Gao Ji [2024] No. 351) (國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知(發改高技[2024]351號)), which was issued on March 21, 2024, elaborates on the conditions and project standards for enterprises to enjoy tax incentives on the basis of Notice 8.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi. Authorized by the People’s Bank of China (“PBOC”), SAFE is empowered with the functions of administering all matters related to foreign exchange, including the enforcement of foreign exchange management regulations.

According to the Regulations of the People’s Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例), which were amended by the State Council on August 5, 2008, and came into effect on the same day, all international payments and transfers are classified into current accounts and capital accounts. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sales business of foreign exchange in accordance with relevant provisions of the state, and the authenticity of transaction documents and their consistency with foreign exchange receipts and payments shall be subject to reasonable review by the aforementioned institutions. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in the settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the state.

According to the Provisions on the Administration of Settlement, Sales and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which were issued by the PBOC on June 20, 1996, and came into effect on July 1, 1996, the remaining restrictions on the convertibility of foreign exchange under current account are abolished, while the existing restrictions on foreign exchange transactions under capital accounts are retained.

According to relevant PRC laws and regulations, PRC enterprises (including foreign-invested enterprises) that need foreign exchange for current account transactions may effect payment from their foreign exchange accounts at designated foreign exchange banks with valid receipts and transaction vouchers, without the approval of the SAFE. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign exchange and PRC enterprises that need to pay dividends to shareholders in foreign exchange as required shall pass a resolution of the board of directors or shareholders’ meetings and conduct currency exchange and payments at designated foreign exchange banks.

According to the Decision of the State Council on Canceling and Adjusting a Batch of Administrative Approval Items and Other Matters (Guo Fa [2014] No. 50) (國務院關於取消和調整一批行政審批項目等事項的決定(國發[2014]50號)), which was issued by the State Council on October 23, 2014, and came into effect on the same day, the administrative approval requirements of the SAFE and its branches for the settlement of funds raised from overseas listings when remitted back to domestic RMB accounts are abolished.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

According to the Notice of the SAFE on Issues Concerning the Administration of Foreign Exchange for Overseas Listings (Hui Fa [2014] No. 54) (國家外匯管理局關於境外上市外匯管理有關問題的通知 (匯發[2014]54號)) issued by the SAFE on December 26, 2014, domestic companies shall complete registration formalities for overseas listing with the foreign exchange administration at the place of registration within 15 working days after the completion of overseas listing and issuance. The funds raised by domestic companies from overseas listings may be remitted back to domestic accounts or deposited in overseas accounts, and the use of funds shall be consistent with the relevant contents set out in the prospectuses and public disclosure documents such as resolutions of the board of directors and shareholders’ meetings.

According to the Notice of the SAFE on Reforming and Standardizing the Administration Policy of Capital Account Settlement (Hui Fa [2016] No. 16) (國家外匯管理局關於改革和規範資本項目結匯管理政策的通告 (匯發[2016]16號)) issued by the SAFE on June 9, 2016, domestic institutions may, in accordance with relevant policies and based on the actual needs of their business operations, conduct voluntary settlement of their foreign exchange receipts under the capital account (including funds repatriated from overseas listings) with banks. The proportion of voluntary settlement of foreign exchange receipts under the capital account of domestic institutions is tentatively set at 100%, and the SAFE may adjust the aforementioned proportion in due course according to international balance of payments.

According to the Notice of the SAFE on Further Promoting the Facilitation of Cross-border Trade and Investment (Hui Fa [2019] No. 28) (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知 (匯發[2019]28號)) issued by the SAFE on October 23, 2019, and the Notice of the SAFE on Further Deepening Reforms to Promote the Facilitation of Cross-border Trade and Investment (Hui Fa [2023] No. 28) (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知 (匯發[2023]28號)) last amended on December 4, 2023, the restrictions on domestic equity investment by non-foreign-invested enterprises using registered capital and the restrictions on the use of funds from the liquidation of assets in domestic accounts for settlement have been abolished. The restrictions on the use and settlement of foreign investors’ margin have also been relaxed. Eligible enterprises in pilot areas may also use the income from capital account such as registered capital, foreign debts and overseas listing income for domestic payments without providing authenticity verification materials to the bank on a case-by-case basis in advance. At the same time, the use of funds shall be real, compliant, and in line with the current regulations on the management of capital income.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

This appendix contains a summary of the key laws, regulations, and policies of the PRC relevant to the Company’s daily business operations currently carried out in the PRC. The laws and regulations regarding the PRC taxation are discussed separately in the appendix “Taxation and Foreign Exchange” of this document. The primary purpose of this summary is to provide potential [REDACTED] with an overview of the key laws and regulatory provisions applicable to the Company. This summary is not intended to include all data important to potential [REDACTED]. For a discussion of the laws and regulations related to the Company’s business, please refer to the section headed “Regulatory Overview” in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People’s Republic of China (中華人民共和國憲法) (the “Constitution”), which was amended and came into effect on March 11, 2018. It consists of statutes, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules of the State Council, local government rules, laws of special administrative regions, international treaties signed by the PRC government, and other normative documents. Court judgments do not constitute legally binding precedents but can be used as judicial references and guidelines.

In accordance with the Constitution and the Legislation Law of the People’s Republic of China (中華人民共和國立法法) (the “Legislation Law”), which was last amended on March 13, 2023, and came into effect on March 15, 2023, the National People’s Congress (“NPC”) and the SCNPC have the power to exercise the state’s legislative power. The NPC has the power to enact and amend basic laws governing state institutions, civil, criminal, and other matters. The SCNPC has the power to enact and amend laws other than those that should be formulated by the NPC. During the adjournment of the NPC, partial supplements and amendments may be made to laws enacted by the NPC, provided that such supplements and amendments shall not contravene the basic principles of such laws.

The State Council, as the highest state administrative organ, has the power to formulate administrative regulations in accordance with the Constitution and laws. The people’s congresses and their standing committees of provinces, autonomous regions, and municipalities directly under the Central Government may formulate local regulations according to the specific conditions and actual needs of their respective administrative regions, provided that such regulations do not contravene the Constitution, laws, and administrative regulations. The people’s congresses and their standing committees of cities divided into districts may, according to the specific conditions and actual needs of their respective cities, formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection, and grass-roots governance, provided that such regulations do not contravene the Constitution, laws, administrative regulations, and local regulations of their respective provinces or autonomous regions. Where the laws provide otherwise for the matters on which cities divided into districts may formulate local regulations, such provisions shall prevail. The relevant local regulations shall be submitted to the standing committees of the people’s congresses of the relevant provinces or autonomous regions for approval before implementation.

The standing committees of the people’s congresses of provinces or autonomous regions shall review the legality of the local regulations submitted for approval. If the local regulations do not contravene the Constitution, laws, administrative regulations, and local regulations of the relevant provinces or autonomous regions, they shall be approved within four months. The people’s congresses of ethnic autonomous regions have the power to formulate autonomous regulations and separate regulations in accordance with the political, economic, and cultural characteristics of the local ethnic groups.

Ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office, directly-affiliated institutions with administrative management functions, and institutions as provided by laws may formulate departmental rules within the scope of their respective functions and powers in accordance with laws, and administrative regulations, decisions and orders of the State Council.

APPENDIX IV

SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

The NPC has the power to alter or annul any inappropriate laws formulated by the SCNPC and to annul any autonomous regulations or separate regulations approved by the SCNPC that contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations approved by the standing committees of the people’s congresses of provinces, autonomous regions, and municipalities directly under the Central Government that contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul inappropriate departmental rules and local government rules. The people’s congresses of provinces, autonomous regions, and municipalities directly under the Central Government have the power to alter or annul inappropriate local regulations formulated or approved by their respective standing committees. The standing committees of local people’s congress have the power to annul inappropriate rules formulated by the people’s governments at the same level, and the people’s governments of provinces and autonomous regions have the power to alter or annul inappropriate rules formulated by the people’s governments at the next lower level.

In accordance with the Resolution of the Standing Committee of the National People’s Congress on Strengthening the Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議), which was approved on June 10, 1981, where further clarification or supplementary provisions are required for the provisions of laws and decrees themselves, the SCNPC shall provide interpretations or make provisions by decree. For issues regarding the specific application of laws in the trial work of the courts, the Supreme People’s Court shall provide interpretations. For issues regarding the specific application of laws in the procuratorial work of the procuratorates, the Supreme People’s Procuratorate shall provide interpretations. For issues regarding the specific application of relevant laws that are not related to the trial work of the courts and the procuratorial work of the procuratorates, the State Council and the relevant competent departments shall provide interpretations. At the local level, the power to interpret local regulations shall be vested in the local legislative and administrative authorities that promulgated such regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People’s Courts of the People’s Republic of China (中華人民共和國人民法院組織法) amended by the SCNPC on October 26, 2018 and became effective on January 1, 2019, the people’s courts of the PRC are divided into the Supreme People’s Court, local people’s courts at various levels and special people’s courts. Local people’s courts at various levels are divided into three levels: primary people’s courts, intermediate people’s courts and higher people’s courts. Primary people’s courts may establish specialized civil tribunals based on the region, population and case situation. The Supreme People’s Court is the highest judicial authority of the PRC. The Supreme People’s Court supervises the judicial work of local people’s courts at various levels and special people’s courts, and higher people’s courts supervise the judicial work of lower people’s courts.

The people’s courts have a two-tier system of final adjudication, which means that the judgments or rulings of the second instance of the people’s courts are final. Parties may appeal against the first-instance judgments or rulings of local people’s courts. The people’s procuratorates may file protests with the people’s courts at the next higher level in accordance with the procedures prescribed by laws. If parties do not file an appeal and the people’s procuratorates do not file a protest within the prescribed time limit, the judgments or rulings of the people’s courts shall be final. The second-instance judgments or rulings of intermediate people’s courts, higher people’s courts and the Supreme People’s Court, as well as the first-instance judgments or rulings of the Supreme People’s Court are final. However, if the Supreme People’s Court finds that there are indeed errors in the final judgments or rulings that have become legally effective of people’s courts at various levels, or a higher people’s court finds that there are indeed errors in the final judgments or rulings that have become legally effective of a lower people’s court, or the president of a people’s court at any level finds that there are indeed errors in the final judgments or rulings that have become legally effective of his or her court, such court or president has the power to remand the case for retrial in accordance with the judicial supervision procedures.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

According to the provisions of the Civil Procedure Law of the People’s Republic of China (中華人民共和國民事訴訟法) (“Civil Procedure Law”) which was last amended on September 1, 2023 and came into effect on January 1, 2024, all parties initiating civil litigation within the territory of the PRC must abide by the Civil Procedure Law of the People’s Republic of China. Civil cases are generally heard by the court where the defendant is located. Parties to a contract dispute or other disputes over property rights and interests may, through a written agreement, choose the people’s court in the place where the defendant has domicile, where the contract is performed, where the contract is signed, where the plaintiff has domicile, where the subject matter is located, or in a place that has an actual connection with the dispute to exercise jurisdiction, provided that the provisions of the Civil Procedure Law on hierarchical jurisdiction and exclusive jurisdiction are not violated.

Foreigners, stateless persons, foreign enterprises or foreign organizations that bring lawsuits or respond to lawsuits in the people’s courts shall enjoy the same litigation rights and obligations as Chinese citizens, legal persons or other organizations. If a foreign court restricts the litigation rights of Chinese citizens or enterprises, the people’s courts of China shall apply the principle of reciprocity to the civil litigation rights of citizens and enterprises of such country. When foreigners, stateless persons, foreign enterprises or foreign organizations bring lawsuits or respond to lawsuits in the people’s courts of China and need to entrust lawyers to act as agents in the litigation, they must entrust Chinese lawyers. In accordance with international treaties concluded or acceded to by China or in accordance with the principle of reciprocity, people’s courts and foreign courts may request each other to serve legal documents, take evidence and carry out other litigation actions. If a request from a foreign court impairs China’s sovereignty, security or public interests, the people’s court shall not accept such request.

Parties must implement the civil litigation judgments and rulings that have become legally effective. If either party of a civil dispute refuses to comply with the judgments or rulings made by the people’s court or the awards made by arbitration tribunals in the PRC, the other party may, within two years, apply to the people’s court for the enforcement of the relevant judgments or rulings, or may also apply for the extension of enforcement or revocation. The laws on the suspension or interruption of the limitation of action shall apply to the suspension or interruption of the limitation of action for applying for enforcement. If, within the prescribed time limit, the aforementioned party still fails to implement the judgment or ruling within the prescribed time limit approved by the court for enforcement, the court may, upon the application of the other party, enforce the judgment or ruling against such party.

If one party requests the enforcement of a legally effective judgment or ruling made by a people’s court against the other party, and the other party or its assets are located outside the People’s Republic of China, the requesting party may apply to a foreign court with jurisdiction over the case for the recognition and enforcement of the judgment or ruling. Alternatively, the people’s court may, in accordance with international treaties concluded or acceded to by China or in accordance with the principle of reciprocity, request a foreign court to recognize and enforce such judgment or ruling. Similarly, for a legally effective judgment or ruling made by a foreign court that needs to be recognized and enforced by a people’s court of China, the party concerned may directly apply to an intermediate people’s court of China with jurisdiction for recognition and enforcement, the foreign court may also, in accordance with the provisions of international treaties concluded or acceded to by the country where it is located and China, or in accordance with the principle of reciprocity, request the people’s court to recognize and enforce the judgment or ruling. However, if the judgment or ruling violates the basic principles of PRC laws or China’s sovereignty, security or public interests, it shall not be recognized and enforced.

The Company Law, the Trial Measures and the Guidelines for Articles of Association

Joint stock limited companies established in China and seeking to be listed on the Hong Kong Stock Exchange shall mainly comply with the following PRC laws and regulations.

The Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”) was approved at the 5th Meeting of the Standing Committee of the 8th National People’s Congress on December 29, 1993, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively. The last amended Company Law came into effect on July 1, 2024.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

The Trial Measures for the Administration of Overseas Issuance of Securities and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) (the “Trial Measures”) were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and are applicable to the direct or indirect subscription of overseas shares and the listing of domestic companies. The Trial Measures also stipulate the filing administration measures and regulatory requirements for the overseas issuance of securities and listing by domestic companies.

The CSRC published the latest amendments to Guidelines for Articles of Association of Listed Companies (上市公司章程指引) (the “Guidelines for Articles of Association”) on March 28, 2025 with immediate effect. According to the provisions of the Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules - No. 1 for the Category of Overseas Issuance and Listing (監管規則適用指引—境外發行上市類第1號), when domestic companies directly issue and list their securities overseas, they are required to formulate their articles of association with reference to relevant requirements of the CSRC on corporate governance such as the Guidelines for Articles of Association to standardize corporate governance.

The main provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association applicable to the Company are summarized as follows.

General Provisions

“Joint stock limited company” refers to an enterprise legal person incorporated in China in accordance with the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the shares subscribed for, and the company is liable for its debts with all of its property.

A company must comply with laws, regulations, social ethics and business ethics in its business activities. A company may invest in other companies with limited liability. The company’s liability for such invested companies is limited to the amount of its investment. Unless otherwise provided by law, a company shall not become an investor jointly and severally liable for the debts of the investee.

Incorporation

A joint stock limited company may be established by means of promotion or public offer. To establish a joint stock limited company, there shall be not less than 1 and not more than 200 promoters, more than half of whom must have domiciles within China.

When a joint stock limited company is established by means of promotion, the promoters shall fully subscribe for the shares to be issued upon the establishment of the company as stipulated in the articles of association. When a joint stock limited company is established by means of public offer, the shares subscribed for by the promoters shall not be less than 35% of the total number of shares to be issued upon the establishment of the company as stipulated in the articles of association; if otherwise provided by laws or administrative regulations, such provisions shall prevail.

Within 30 days after the conclusion of the establishment meeting, the board of directors shall apply to the registration authority for the registration of the incorporation of the joint stock limited company. After the relevant registration authority issues the business license, the company is officially established and has legal person status.

Registered Stocks and Issuance of Shares

According to the Company Law, shareholders may contribute capital in currency, or in kind, intellectual property rights, land use rights, stock rights, creditor’s rights or other non-monetary properties that can be valued in currency and transferred according to laws, except for other properties that are prohibited from being used as capital contributions by any laws or administrative regulations.

A joint stock limited company shall register the register of shareholders and keep it in the company. The register of shareholders shall state the following items:

- (i) the name and domicile of each shareholder;

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

- (ii) the classes and numbers of shares subscribed for by each shareholder;
- (iii) the share certificate numbers, where shares are issued in paper form; and
- (iv) the dates on which each shareholder acquired the shares.

The share issuance of a joint stock limited company shall follow the principles of fairness and justice. Each share of the same class shall enjoy equal rights. For shares of the same class issued in the same offering, the issuance conditions and prices per share shall be the same. Subscribers shall pay the same amount for each share subscribed for. The issuance price of par value shares may be at par value or above, but shall not be below par value.

The Trial Measures stipulate that companies issuing and listing securities in overseas markets may raise funds and distribute dividends in foreign currencies or RMB. In certain circumstances, such as equity incentives and asset acquisitions through securities issuance, domestic companies directly issuing and listing securities overseas may issue securities to specific domestic subjects. Domestic companies directly issuing and listing securities overseas may issue securities to specific domestic subjects meeting the requirements stipulated by the China Securities Regulatory Commission when implementing equity incentives or acquiring assets through securities issuance.

According to the Trial Measures, when a domestic company directly issues and lists securities overseas, shareholders holding unlisted domestic shares who apply to convert their unlisted domestic shares into overseas listed shares and list them for trading on overseas exchanges shall comply with the relevant regulations of the CSRC and entrust a domestic company to file with the CSRC. The aforementioned “unlisted domestic shares” refer to the shares issued by a domestic enterprise but not listed or traded on any domestic exchange. Unlisted domestic shares shall be registered and deposited with domestic securities registration and clearing institutions on a collective basis. The registration and clearing arrangements for overseas listed shares shall be subject to the regulations of the overseas listing place.

Domestic enterprises issuing and listing securities overseas shall file with the CSRC in accordance with the provisions of the Trial Measures, submit relevant materials such as filing report and legal opinion, and truthfully, accurately and completely explain status such as shareholders information. For domestic companies directly issuing and listing securities overseas, the issuer shall file with the CSRC. For domestic companies indirectly issuing and listing securities overseas, the issuer shall designate a major domestic operating entity as the domestic responsible entity to file with the CSRC.

Increase in share capital

According to the relevant provisions of the Company Law, when a joint stock limited company intends to issue new shares, the shareholders’ meeting shall make resolutions on the following matters:

- (i) the classes and numbers of new shares;
- (ii) the issue price of new shares;
- (iii) the commencement and closing dates of the new share issuance;
- (iv) the classes and numbers of new shares to be issued to existing shareholders; and
- (v) in the case of issuing shares without par value, the amount of the proceeds from the new share issuance to be included in the registered capital.

If a company intends to issue shares to the public, it shall register with the securities regulatory authority under the State Council and announce the prospectus document.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Reduction of share capital

A company may reduce its registered capital in accordance with the following procedures stipulated in the Company Law:

- (i) the company shall prepare a balance sheet and an inventory of the assets;
- (ii) the reduction of the registered capital must be approved by a resolution of the shareholders’ meeting;
- (iii) the company shall notify the creditors within ten days from the date of the resolution of the shareholders’ meeting to reduce the registered capital, and publish an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days;
- (iv) creditors have the right to require the company to repay the debts or provide corresponding guarantees within 30 days from the date of receiving the notice, and within 45 days from the date of the announcement if they have not received the notice; and
- (v) the company shall apply to the company registration authority for a change of registration.

When a company reduces its registered capital, it shall correspondingly reduce the amount of capital contribution or shares in proportion to the shareholders’ capital contributions or the shares they hold, unless otherwise provided by laws, otherwise agreed by all shareholders of a limited liability company, or otherwise stipulated in the articles of association of a joint stock limited company.

Repurchase of Shares

According to the Company Law, a company shall not purchase its own shares except under any of the following circumstances:

- (i) to reduce the registered capital of the company;
- (ii) to merge with other companies that hold shares of the company;
- (iii) to use the shares for employee stock ownership plans or as equity incentives;
- (iv) to purchase its own shares at the request made by shareholders who have dissenting views on any resolutions adopted at the shareholders’ meeting concerning the merger or division of the Company;
- (v) to use shares for conversion of corporate bonds issued by the company which are convertible into shares; or
- (vi) it is necessary for a listed company to maintain its corporate value and safeguard shareholders’ interests.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

If a company purchases its own shares under the circumstances stipulated in (i) or (ii) above, it shall be subject to a resolution of the shareholders’ meeting. If a company purchases its own shares under the circumstances stipulated in (iii), (v) or (vi) of the preceding paragraph, it may, in accordance with the articles of association or under the authorization of the shareholders’ meeting, be subject to a resolution at the board meeting attended by more than two-thirds of the directors.

After the company purchases its own shares in accordance with the above provisions, if it falls under the circumstances described in (i), it shall cancel the relevant shares within ten days from the date of purchase; if it falls under the circumstances described in (ii) or (iv), it shall transfer or cancel the relevant shares within six months; if it falls under the circumstances described in (iii), (v) or (vi), the total number of shares of the company held by itself shall not exceed 10% of its total shares in issue, and the relevant shares shall be transferred or cancelled within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the laws. According to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways as stipulated by the State Council. The transfer of stocks shall be carried out by shareholders by means of endorsement or other means stipulated by laws and administrative regulations; after the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. No changes of registration in the register of shareholders shall be effected within 20 days prior to the convening of a shareholders’ meeting or 5 days prior to the base date for determination of dividend distributions. If laws, administrative regulations or the securities regulatory authority under the State Council have other provisions on the change of the register of shareholders of a listed company, such provisions shall prevail.

According to the Company Law, shares of the company issued prior to the public issue of shares shall not be transferred within one year from the date when the company’s shares are listed and traded on the stock exchange. If laws, administrative regulations or the securities regulatory authority under the State Council have other provisions on the transfer of the shares of the listed company held by its shareholders and actual controllers, such provisions shall prevail.

Directors, supervisors (if any) and senior management of a company shall report to the company the shares of the Company they hold and the changes therein. During their terms of office, the shares they transfer each year shall not exceed 25% of the total number of shares they hold in the Company; the shares they hold in the Company shall not be transferred within one year from the date when the company’s stocks are listed and traded on the stock exchange. The above-mentioned personnel shall not transfer the shares they hold in the Company within six months after leaving office. The articles of association may make other restrictive provisions on the transfer of the shares of the Company held by its directors, supervisors (if any) and senior management.

If shares are pledged during the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Shareholders

According to the Company Law and the Guidelines for Articles of Association, shareholders’ rights include:

- (i) to receive dividends and other forms of profit distribution in accordance with the proportion of shares they hold;
- (ii) to legally request to convene, call, preside over, attend or appoint a proxy to attend the shareholders’ meeting and to exercise corresponding voting rights;
- (iii) to supervise the company’s operations, make proposals or inquiries;
- (iv) to transfer, donate or pledge the shares they hold in accordance with laws, administrative regulations and the articles of association;
- (v) to inspect and copy the articles of association, register of shareholders, minutes of shareholders’ meetings, resolutions of board meetings and financial and accounting reports. Shareholders’ meeting the requirements may inspect the company’s accounting books and vouchers;
- (vi) to participate in the distribution of the company’s remaining property in accordance with the proportion of shares they hold when the company is terminated or liquidated;
- (vii) shareholders who disagree with the resolutions for merger or division of the company made by the shareholders’ meeting may demand the company to purchase their shares;
- (viii) other rights as stipulated by laws, administrative regulations, departmental rules or the articles of association.

Shareholders’ obligations include:

- (i) to comply with laws, administrative regulations and the articles of association;
- (ii) to pay the subscription monies based on the shares subscribed for by them and the method of acquiring such shares;
- (iii) not to withdraw their capital contributions except as otherwise provided by laws and regulations;
- (iv) not to abuse shareholders’ rights to damage the interests of the company or other shareholders; not to abuse the company’s legal person independent status and the shareholder limited liability to damage the interests of the company’s creditors;
- (v) to assume other obligations as stipulated by laws, administrative regulations, and the articles of association.

Shareholders’ Meeting

According to the Company Law, the shareholders’ meeting of a joint stock limited company is composed of all shareholders. The shareholders’ meeting is the organ of authority of the company and exercises the following functions and powers:

- (i) to elect and remove directors and supervisors (if any) and decide on the matters concerning the remuneration of directors and supervisors (if any);
- (ii) to review and approve the reports of the board of directors and the board of supervisors (if any);
- (iii) to review and approve the company’s profit distribution plans and loss recovery plans;

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

- (iv) to resolve on any increase or decrease of the company's registered capital;
- (v) to resolve on the issue of corporate bonds;
- (vi) to resolve on the merger, division, dissolution, liquidation of the company, or change of the company's form;
- (vii) to amend the articles of association; and
- (viii) other functions and powers as stipulated in the articles of association.

According to the Company Law, the shareholders' meeting shall be held once a year. An extraordinary shareholders' meeting shall be held within two months after the occurrence of any of the following:

- (i) the number of directors is less than the number stipulated by the Company Law or less than two-thirds of the number stipulated in the articles of association;
- (ii) the accumulated losses of the company which are not recovered reach one-third of its total share capital;
- (iii) at the request of shareholders individually or in aggregate holding more than 10% of the company's shares;
- (iv) the board of directors deems necessary;
- (v) the board of supervisors (if any) proposes to convene; or
- (vi) other circumstances as stipulated in the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman of the board of directors is unable to perform or fails to perform his duties, the vice chairman (if any) shall preside over it. If the vice chairman (if any) is unable to perform or fails to perform his duties, a director jointly nominated by more than half of the directors shall preside over it.

If the board of directors is unable to perform or fails to perform its duties of convening the shareholders' meeting, the board of supervisors (if any) shall promptly convene and preside over it. If the board of supervisors (if any) fails to convene and preside over it, shareholders individually or in aggregate holding more than 10% of the company's shares for more than 90 consecutive days may convene and preside over it on their own. If the aforementioned shareholders request the convening of an extraordinary shareholders' meeting, the board of directors and the board of supervisors (if any) shall decide whether to convene the extraordinary shareholders' meeting within 10 days from the date of receiving the request and reply to the shareholders in writing.

When convening a shareholders' meeting, a notice stating the date and venue of the meeting and matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary shareholders' meeting shall be given to all shareholders 15 days before the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may submit an interim proposal in writing to the board of directors ten days before the shareholders' meeting. The interim proposal shall have clear topics and specific resolution matters. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for deliberation, except when the interim proposal violates laws, administrative regulations or the articles of association, or is not fall within the scope of powers of the shareholders' meeting. The company shall not increase the shareholding proportion of shareholders who submit interim proposals.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

According to the Company Law, when a shareholder entrusts a proxy to attend the shareholders' meeting, the matters, powers and duration of the proxy's representation shall be clearly specified. The proxy shall submit a power of attorney from the shareholder to the company and exercise the right to vote within the scope of the authorization.

According to the Company Law, each share held by a shareholder at the shareholders' meeting entitles the shareholder to one vote, except for shareholders of class shares. Shares held by the company are not entitled to any voting rights.

According to the Company Law and the Guidelines for Articles of Association, resolutions of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. Resolutions of the shareholders' meeting on amending the articles of association, increasing or reducing the registered capital, as well as resolutions on the company's merger, division, dissolution or change of the company's form shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors and supervisors (if any) at the shareholders' meeting. Under the accumulative voting system, when election of directors and supervisors (if any) at the shareholders' meeting, each share shall be entitled to vote equivalent to the number of directors or supervisors (if any) to be elected and the voting rights held by shareholders can be used in a concentrated manner.

Board of Directors

According to the Company Law, a joint stock limited company shall establish a board of directors, which shall consist of more than three members. The term of office of directors shall be stipulated in the articles of association, and each term shall not exceed three years. Directors may serve consecutive terms if re-elected.

The board of directors shall have a chairman and may have vice chairmen. The chairman shall be elected by the board of directors with more than half of all directors. The chairman shall convene and preside over board meetings and supervise the implementation of board resolutions. The vice chairman (if any) shall assist the chairman in his work. If the chairman is unable to perform or fails to perform his duties, the vice chairman (if any) shall perform his duties. If the vice chairman (if any) is unable to perform or fails to perform his duties, a director jointly nominated by more than half of the directors shall perform his duties.

A person shall not serve as a director of the company under any of the following circumstances:

- (i) being unable or has limited ability to undertake any civil capacity;
- (ii) having been sentenced to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or having been deprived of political rights due to a criminal conviction, where less than five years have elapsed since the term of punishment was completed, or in the case of a suspended sentence, less than two years have elapsed since the expiration of the probation period;
- (iii) having served as a director, factory director or manager of a company or an enterprise in bankruptcy liquidation and being personally responsible for the bankruptcy of the company or enterprise, where less than three years have elapsed since the completion of the bankruptcy liquidation of the company or enterprise;
- (iv) having served as the legal representative of a company or an enterprise whose business license has been revoked or that has been ordered to close down due to any violation of the laws, and being personally liable, where less than three years have elapsed since the date on which the business license of the company or enterprise was revoked or it was ordered to close down; or
- (v) having been listed as a judgment defaulter subject to enforcement by the people's court due to the failure to settle a relatively large amount of debts that are overdue.

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The board of directors shall hold at least two meetings every year. All directors shall be notified 10 days before each meeting. The board of directors shall exercise the following functions and powers:

- (i) to convene the shareholders' meeting and report on its work to the shareholders' meeting;
- (ii) to implement the resolutions of the shareholders' meeting;
- (iii) to decide on the company's operational plans and investment proposals;
- (iv) to formulate the company's profit distribution plans and loss recovery plans;
- (v) to formulate plans for increase or decrease of registered capital and issue of corporate bonds of the company;
- (vi) to formulate plans for the merger, division, dissolution of the company, or change of the company's form;
- (vii) to decide on the setup of the company's internal management bodies;
- (viii) to decide on the appointment or dismissal of the company's managers and matters concerning their remuneration, and decide on the appointment or dismissal of the company's deputy managers (if any), person-in-charge of finance based on the manager's nomination, and matters concerning their remuneration;
- (ix) to formulate the company's basic management systems; and
- (x) other functions and powers as prescribed by the articles of association or conferred by the shareholders' meeting.

A board meeting shall be held only when more than half of the directors are present. Resolutions of the board of directors shall be adopted by a majority vote of all directors. Each director shall have one vote in the voting on board resolutions. The board of directors shall keep minutes of the resolutions on the matters discussed at the meeting, and the directors present at the meeting shall sign the minutes.

A director shall attend board meetings in person. If a director is unable to attend a meeting for any reason, he may entrust another director in writing to attend the meeting on his behalf, and the power of attorney shall specify the scope of authorization. Directors shall be responsible for the resolutions of the board of directors. If a board resolution violates laws, administrative regulations, the articles of association or the resolutions of the shareholders' meeting and causes serious losses to the company, the directors participating in the resolution shall be liable for compensation to the company; if it is proven that a director expressed his objection when the resolution was voted on and such objection was recorded in the minutes of the meeting, such director may be released from liability.

Audit Committee of the Board of Directors

According to the Company Law, a joint stock limited company may, in accordance with the provisions of the articles of association, establish an audit committee consisted of directors in the board of directors to exercise the powers of the board of supervisors instead of establishing a board of supervisors.

Manager and Senior Management

According to the Company Law, a joint stock limited company shall have a manager, who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his powers in accordance with the provisions of the articles of association or under the authorization of the board of directors. The manager shall attend board meetings as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager (if any), person-in-charge of finance of the company, the secretary of the board of directors of a listed company and other senior management personnel prescribed by the articles of association.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Duties of Directors and Senior Management

The Company Law requires that the company's directors and senior management shall abide by relevant laws, regulations and the articles of association and shall have the duty of loyalty and the duty of diligence to the company. Directors and senior management have the duty of loyalty to the company, and shall take measures to avoid conflicts between their own interests and the company's interests, and shall not use their powers to seek improper benefits.

Directors and senior management have the duty of diligence to the company, and shall exercise the reasonable care that a manager usually should have for the best interests of the company when performing their duties.

Directors and senior management are prohibited from:

- (i) embezzling the company's property or misappropriating the company's funds;
- (ii) depositing the company's funds into an account under their own names or the names of other individuals;
- (iii) taking advantage of power to accept bribes or other illegal income;
- (iv) accepting and possessing commissions paid by a third party for transactions conducted with the company;
- (v) disclosing the company's confidential business information without authorization; or
- (vi) other acts in violation of their duty of loyalty to the company.

When directors and senior management enter into contracts or conduct transactions with the company, either directly or indirectly, they shall report to the board of directors or the shareholders' meeting the matters related to the contracts or transactions, and such contracts or transactions shall be approved by a resolution of the board of directors or the shareholders' meeting in accordance with the articles of association.

Where the close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or any of their close relatives, or any related parties who have any other connection with directors and senior management enter into contracts or conduct transactions with the company, the provisions of the preceding paragraph shall apply.

Directors and senior management shall not take advantage of their positions to seek business opportunities that belong to the company for themselves or others except under any of the following circumstances:

- (i) report to the board of directors or the shareholders' meeting and obtain approval by a resolution of the board of directors or the shareholders' meeting in accordance with the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Directors and senior management who fail to report to the board of directors or the shareholders' meeting and obtain approval by a resolution of the board of directors or the shareholders' meeting in accordance with the articles of association shall not operate businesses of the same kind as that of the company they serve on their own or for others.

Directors and senior management who violate laws, administrative regulations, or the articles of association during the performance of their duties and cause losses to the company shall be liable for compensation.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Finance and Accounting

According to the Company Law, a company shall establish its financial and accounting systems in accordance with laws, administrative regulations, and the requirements of the financial department of the State Council. A company shall prepare its financial and accounting reports at the end of each financial year and have them audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations, and the requirements of the financial department of the State Council.

The financial and accounting reports of a joint stock limited company shall be made available at the company for inspection by the shareholders 20 days before the convening of an annual shareholders’ meeting. A joint stock limited company that makes public offering of shares shall publish its financial and accounting reports.

The premium received through issuance of shares at prices above par value, proceeds from issuance of no par value shares which have not been included in registered capital, and other items required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company’s capital reserve fund.

A company’s reserve funds shall be applied to make up for the company’s losses, expand the company’s production and business operations, or increase the company’s registered capital. When the company’s losses are made up with reserve funds, the discretionary reserve funds and the statutory reserve funds shall first be used; if insufficient, the capital reserve funds may be used according to the provisions. Upon the conversion of statutory reserve funds into increase of registered capital, the balance of the statutory reserve funds shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. The company’s funds shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

According to the Company Law, the appointment and dismissal of an accounting firm that undertakes the company’s auditing business shall be determined by the shareholders’ meeting, the board of directors, or the board of supervisors (if any) in accordance with the articles of association. When the aforementioned entities vote on the dismissal of an accounting firm, the accounting firm shall be allowed to state its opinions. A company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials without any refusal, withholding and misrepresentation.

The Guidelines for Articles of Association stipulate that the appointment of any accounting firm by a company shall be subject to the approval of the shareholders’ meeting, and the board of directors shall not appoint an accounting firm before the decision of the shareholders’ meeting. The audit fees of the accounting firm shall be decided by the shareholders’ meeting.

Distribution of Profits

When a company distributes its after-tax profits for the current year, it shall allocate 10% of the profits to the company’s statutory reserve funds. If the cumulative amount of the company’s statutory reserve funds reaches 50% or more of the company’s registered capital, no further allocation is required. If the company’s statutory reserve funds are insufficient to make up for the losses of previous years, the current year’s profits shall be used to make up for the losses before allocating the statutory reserve funds as stipulated in the previous paragraph. After a company allocates the statutory reserve funds from its after-tax profits, it may, upon resolution of the shareholders’ meeting, also allocate discretionary reserve funds from the after-tax profits. After a company makes up for its losses and allocates reserve funds, the remaining after-tax profits of a joint stock limited company shall be distributed among shareholders in proportion to the shares they hold, unless otherwise provided in the articles of association. The own shares held by the company shall not be entitled to any profit distribution.

If a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the company; where losses are caused to the company, the shareholders and the responsible directors and senior management shall be liable for compensation.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

If the shareholders’ meeting makes a resolution on profit distribution, the board of directors shall make the distribution within six months from the date when the resolution of the shareholders’ meeting is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the term of business of the company has expired or other events of dissolution occur under the articles of association;
- (ii) the shareholders’ meeting resolves to dissolve the company;
- (iii) the company needs to be dissolved due to merger or division;
- (iv) the business license is revoked, or the company is ordered to close or be deregistered according to laws; or
- (v) the people’s court dissolves the company in accordance with the provisions of Article 231 of the Company Law.

The company shall, within 10 days of the occurrence of the reasons for dissolution stipulated in the preceding paragraph, make an announcement of the reasons for dissolution through the National Enterprise Credit Information Publicity System.

If a company is dissolved due to the provisions of (i) and (ii) above and has not distributed its property to shareholders, it may subsist by amending the articles of association or through a resolution of the shareholders’ meeting. The amendment of the articles of association or the resolution of the shareholders’ meeting shall be subject to the approval of more than two-thirds of voting rights held by the shareholders present at the shareholders’ meeting. If a company is dissolved due to the provisions of (i), (ii), (iv) or (v) above, it shall be liquidated. The directors are the liquidation obligors of the company and shall form a liquidation team to carry out liquidation within 15 days after the occurrence of an event of dissolution. The liquidation team shall be composed of directors, unless it is otherwise provided for in articles of association or elected by the shareholders’ meeting. If the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the company or creditors, they shall be liable for compensation.

In the event that the liquidation team is not established to conduct liquidation or the liquidation is not conducted after establishment of the liquidation team within the stipulated period, an interested party may request the people’s court to appoint relevant personnel to establish the liquidation team to conduct liquidation. The people’s court shall accept the application and promptly organize a liquidation team for liquidation.

During the liquidation period, the liquidation team may exercise the following powers:

- (i) to handle the company’s properties and to prepare a balance sheet and an inventory of assets;
- (ii) to notify creditors through notice or public announcement;
- (iii) to deal with the company’s outstanding businesses related to the liquidation;
- (iv) to pay off the taxes owed by the company and the taxes incurred during the liquidation process;
- (v) to claim credits and pay off debts;
- (vi) to distribute the company’s remaining property after its debts have been paid off; and
- (vii) to represent the company in civil lawsuits.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

The liquidation team shall notify the company’s creditors within ten days from the date of its establishment and make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. Creditors who declare claims shall state relevant matters related to the claims and provide proofs. The liquidation team shall register the claims. During the period for declaration of claims, the liquidation team shall not make any repayment to the creditors.

Upon liquidation of property and the preparation of the balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the shareholders’ meeting or the people’s court for confirmation.

After the company’s property has been used to pay the liquidation expenses, employees’ salaries, social insurance premiums, and legal compensation, and to pay off the taxes owed and the company’s debts, the remaining property of a limited liability company shall be distributed among the shareholders in proportion to their capital contributions, and that of a joint stock limited company shall be distributed among the shareholders in proportion to the shares they hold.

During the liquidation, the company shall continue to subsist, but shall not carry out any business activities irrelevant to the liquidation. The company’s property shall not be distributed to the shareholders before repayments are made in accordance with the aforementioned provisions.

Upon liquidation of the company’s property and the preparation of the balance sheet and inventory of assets, if the liquidation team finds that the company’s property is insufficient to pay off its debts, it shall apply to the people’s court for bankruptcy liquidation in accordance with the laws. After the people’s court accepts the bankruptcy application, if the liquidation team finds the liquidation team shall hand over all matters relating to the liquidation to the bankruptcy administrator designated by the people’s court.

The members of a liquidation team shall perform the duty of liquidation and have duty of fiduciary and diligence. A member of the liquidation team shall be liable for compensation for losses caused to the company, if any, by his negligence in performing the duty of liquidation; or to creditors, if any, with intent or by gross negligence.

Upon completion of the liquidation of the company, the liquidation team shall prepare a liquidation report and submit it to the shareholders’ meeting or the people’s court for verification. Thereafter, the report shall be submitted to the company registration authority to cancel the company’s registration.

If a company whose business license has been revoked, has been ordered to close down, or has been deregistered fails to apply to the company registration authority for cancellation of its registration within three years, the company registration authority may make an announcement through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. After the expiration of the announcement period, if there are no objections, the company registration authority may deregister the company.

Overseas listing

According to the Trial Measures, if an issuer makes an initial public offering or listing overseas, it shall file with the CSRC within 3 working days after submitting the application documents for issuance and listing overseas. Subsequent securities issuance of an issuer in the same overseas market where it has previously issued and listed securities shall be filed with the CSRC within 3 working days after the issuance is completed. Subsequent securities issuance and listing of an issuer in other overseas markets than where it has issued and listed shall be filed pursuant to the above-mentioned provisions. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials, and the issuer shall supplement the materials within 30 working days.

APPENDIX IV SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Loss of Share Certificate

If a share certificate is stolen, lost, or destroyed, the shareholder may, in accordance with the public notice for summons procedure stipulated in the Civil Procedure Law, request the people’s court to declare the share certificate invalid. After the people’s court declares the share certificate invalid, the shareholder may apply to the company for re-issuance of the share certificate.

Suspension and Termination of Listing

The provisions on suspension and termination of listing have been removed from the Company Law. The provisions on suspension of listing have also been removed from the Securities Law of the People’s Republic of China (2019 Amendments) (中華人民共和國證券法) (the “**Securities Law**”). If a listed security falls into the delisting situation stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, if an issuer voluntarily or compulsorily terminates its listing after issuing and listing securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after such event occurs and is publicly disclosed.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Commission and the CSRC. The Securities Commission was responsible for coordinating the drafting of securities regulations, formulating securities related policies, planning the development of the securities market, guiding, coordinating and supervising all securities related institutions in China, and managing the CSRC. The CSRC, as the regulatory body of the Securities Commission, was responsible for drafting regulatory regulation for the securities market, supervising securities companies, regulating the public offering of securities by Chinese companies at home and abroad, standardizing securities trading, compiling securities related statistic data, and conducting relevant research and analysis. In 1998, the State Council abolished the Securities Commission, and its functions were assumed by the CSRC.

The Provisional Regulations on the Administration of Stock Issuance and Trading (股票發行與交易管理暫行條例), promulgated by the State Council and effective on April 22, 1993, stipulate the application and approval procedures for public stock issuance, stock trading, acquisition of listed companies, custody, clearing and transfer of listed stocks, information disclosure of listed companies, investigations and penalties, and arbitration of disputes.

Provisions of the State Council on Domestic Listing of Foreign Shares by Companies Limited by Shares (國務院關於股份有限公司境內上市外資股的規定), promulgated by the State Council and came into effect on December 25, 1995, stipulate the issuance, subscription, trading, and dividend payment of foreign shares listed domestically, as well as the information disclosure of joint stock limited companies that hold such shares.

The Securities Law, last amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, stipulates a series of provisions on the issuance and trading of securities, acquisition of listed companies, duties and responsibilities of securities exchanges, securities companies in China, and securities regulatory authority under the State Council, and supervise the overall activities of the securities market in China. Besides, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas shall comply with the relevant regulations of the State Council. Currently, the issuance and trading of overseas shares are mainly regulated by the rules and regulations promulgated by the State Council and the CSRC.

APPENDIX IV

SUMMARY OF KEY LEGAL AND REGULATORY REQUIREMENTS

Arbitration and Enforcement of Arbitral Awards

According to the Arbitration Law of the People’s Republic of China (中華人民共和國仲裁法) (the “Arbitration Law”), amended by the SCNPC on September 1, 2017 and came into effect on January 1, 2018, the Arbitration Law applies to foreign-related economic disputes where the parties have entered into a written agreement to submit the matter to arbitration by an arbitration commission established in accordance with the Arbitration Law. Before the China Arbitration Association (中國仲裁協會) formulates arbitration rules, arbitration commissions may formulate provisional arbitration rules in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law. If the parties have reached an arbitration agreement and a party files a lawsuit with a people’s court, the people’s court shall not accept the case, unless the arbitration agreement is invalid or otherwise provided by law.

According to the Arbitration Law, arbitration adopts the system of one and final award, which is binding on all parties to the arbitration. If one party fails to comply with the award, the other party may apply to a people’s court for enforcement of the arbitral award in accordance with the Civil Procedure Law. If the arbitration procedure violates the laws, the people’s court may rule not to enforce the arbitral award made by the arbitration commission. For an arbitral award that has become legally effective and is made according to laws within the People’s Republic of China, if a party requests enforcement and the person against whom enforcement is sought or his property is not within the People’s Republic of China, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement. Similarly, the people’s court may recognize and enforce an arbitral award made by a foreign arbitration institution in accordance with the principle of reciprocity or any international treaties that China has concluded or acceded to.

The Arbitration Law, which was last amended on September 12, 2025 and shall be effective on March 1, 2026, does not modify the aforementioned provisions.

According to the Arrangement of the Supreme People’s Court Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排), promulgated by the Supreme People’s Court on January 24, 2000 and became effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People’s Court Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排), promulgated by the Supreme People’s Court on November 26, 2020 and became effective on the next day, arbitration awards made by arbitration authorities in Mainland China may be enforced in Hong Kong, and Hong Kong arbitral awards may also be enforced in Mainland China.

Judicial Judgments and their Enforcement

The Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), issued by the Supreme People’s Court on January 25, 2024 and became effective on January 29, 2024, stipulates that for effective judgments in civil and commercial matters by the courts of the Mainland China and the Hong Kong Special Administrative Region, and effective judgments in relation to civil damages awarded in criminal cases, the parties may apply to the courts in Mainland China or the Hong Kong courts for recognition and enforcement in accordance with this arrangement.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This appendix mainly provides [REDACTED] with an overview of the Articles of Association. Since the following data is a summary, it does not contain all the data that may be important to [REDACTED].

SHARES

Share Issuance

Shares of the Company shall be issued in an open, fair and impartial manner, and each share of the same class has the same rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price for each share; the subscriber shall pay the same price for each share for which it/he/she subscribes for.

The par value of the shares issued by the Company is denominated in RMB.

The H shares [REDACTED] by the Company shall be deposited with the trusted companies subordinate to [REDACTED], and may also be held in name(s) of individual shareholder(s); the unlisted domestic shares issued by the Company shall be registered and deposited with the domestic securities depository and clearing institution in a centralized manner.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Based on its operational and development needs, the Company may, pursuant to the laws and regulations and with the approval by a resolution at the shareholders' meeting, increase its registered capital by the following ways:

- (I) issuing shares to non-specific investors upon approval by relevant authorities;
- (II) issuing shares to specific investors;
- (III) issuing bonus shares to existing shareholders;
- (IV) converting reserve fund into share capital;
- (V) other means as approved by laws, administrative regulations and the regulatory authorities such as the CSRC and the securities regulatory authorities of the place where the shares of the Company are listed.

Where the Company increases its registered capital, it shall proceed with the procedures stipulated in the relevant laws and regulations after obtaining approval for the increase in accordance with the provisions of the Articles of Association and the place where the shares of the Company are listed.

The Company may reduce its registered capital. Any reduction in the registered capital of the Company shall comply with the procedures stipulated in the Company Law, the Listing Rules of the Hong Kong Stock Exchange and other laws, administrative regulations and normative documents, as well as other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company shall not purchase its own shares, except under any of the following circumstances on the premise that it does not violate laws, regulations, the provisions of the securities regulatory authority of the place where the shares of the Company are listed, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold the shares of the Company;
- (III) to use the shares for employee stock ownership plans or as equity incentive;
- (IV) to purchase its own shares at the request made by shareholders who have dissenting views on any resolutions adopted at the shareholders' meeting concerning the merger or division of the Company;
- (V) to use shares for conversion of corporate bonds issued by the company which are convertible into shares;
- (VI) it is necessary for the Company to maintain its value and safeguard shareholders' interests.
- (VII) other circumstances as permitted by laws, administrative regulations, departmental rules, normative documents, the Listing Rules of the Hong Kong Stock Exchange, and other regulatory rules of the place where the shares of the Company are listed.

The Company may purchase its own shares through centralized public trading, or through any other means accepted by laws, administrative regulations, normative documents, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed, and the CSRC (where necessary).

The purchase by the Company of its own shares under any of the circumstances specified in items (I) and (II) above shall be subject to resolution passed by the shareholders' meeting. The purchase by the Company of its own shares under any of the circumstances specified in items (III), (V) and (VI) above shall be subject to a board resolution approved by more than two-thirds of directors attending the board meeting, provided that it complies with the applicable securities regulatory rules of the places where the shares of the Company are listed. After purchasing its own shares, the Company shall perform the information disclosure obligations as stipulated in the SFO, the requirements of the exchange where the shares of the Company are listed and other securities regulatory rules.

After purchasing its own shares under the circumstances specified in item (I) above, the shares shall be canceled by the Company within 10 days from the date of purchase; after purchasing its own shares under the circumstances specified in items (II) and (IV) above, the shares shall be transferred or canceled by the Company within six months; after purchasing its own shares under the circumstances specified in items (III), (V) and (VI) above, the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company and the shares shall be transferred or canceled within three years.

Where otherwise provided for by laws, regulations, the Listing Rules of the Hong Kong Stock Exchange and the securities regulatory authority of the place where the shares of the Company are listed in relation to matters regarding share repurchases, such provisions shall prevail.

SHARE TRANSFER

The shares of the Company shall be transferred in accordance with laws. Transfer of H shares listed in Hong Kong shall be registered with the local share registration institution in Hong Kong entrusted by the Company.

All transfers of H shares shall be effected by instruments of transfer in writing in an ordinary or regular form or in any other form acceptable to the Board of Directors (including the standard transfer format or transfer form as prescribed by the Hong Kong Stock Exchange from time to time). If the transferor or transferee of the shares of the Company is a recognized clearing house (hereinafter referred

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

to as the “Recognized Clearing House”) or its agent as defined by relevant provisions of the Hong Kong laws in force from time to time, the written instrument of transfer may be signed by hand or by machine-printed signatures. All the instruments of transfer must be maintained at the legal address of the Company or such other address as the Board of Directors may specify from time to time.

The Company shall not accept its own shares as the subject of a pledge.

Shares issued before the Company prior to the public offer of shares shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange. Where otherwise provided for by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange or the securities regulatory authorities of the place where the shares of the Company are listed in relation to the transfer by the shareholders and actual controllers of a listed company of their shares of the Company, such provisions shall prevail.

Directors, and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes of such shareholdings; they shall not transfer more than 25% of all the shares they hold in the Company annually during their term of office as determined at the time of his/her assumption of office; and they shall not transfer the shares they hold in the Company within one year from the date on which the shares of the Company are listed and traded. The aforesaid persons are not allowed to transfer their shares of the Company within half a year from the date of their resignation. Where the direct shareholdings in the Company of the above-mentioned persons changes due to the equity distribution by the Company and otherwise, shall still comply with the foregoing provisions. Where the shares are pledged within the period of restriction on transfer prescribed by laws or the administrative regulations, the pledgee is not allowed to exercise the pledge right within such period of restriction. Where otherwise provided for by the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

Where shareholders who hold more than 5% of the shares of the Company, directors or the senior management of the Company sell the shares of the Company or any other securities that are equity in nature which they hold within six months after the date of purchase or repurchase them within six months after the date of sale, the proceeds received therefrom shall belong to the Company, and the Board of Directors of the Company shall be responsible for recovering such proceeds, except where a securities company holds more than 5% of the shares due to its purchase of any unsubscribed shares in an underwriting transaction, and for other circumstances stipulated by the CSRC. Where otherwise provided for by the listing rules of the place where the shares of the Company are listed and relevant regulatory rules, such provisions shall prevail. In the event that the Board of Directors of the Company fails to comply with this provision, shareholders have the right to demand the Board of Directors to take action within 30 days. If the Board of Directors of the Company fails to take action within such time limit, shareholders are entitled to institute proceedings in their own names before the people’s court for the benefit of the Company. In the event that the Board of Directors of the Company fails to comply with the preceding provisions, the directors who are responsible for the matter shall assume joint and several liability under laws.

The shares or any other securities that are equity in nature held by the above-mentioned directors, senior management and natural person shareholders include those held by their spouses, parents, children, as well as those held through other parties’ accounts.

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

Shareholders

The Company shall establish a register of members based on the vouchers provided by the securities registration and clearing institution. The register of members shall be the sufficient evidence proving the shareholders’ holding of the shares of the Company. The original register of members of H shares listed in Hong Kong shall be kept in Hong Kong. The Company shall keep at its premise a copy of the register of members of H shares; the entrusted overseas agent(s) has/have the duty to always ensure that the original register of members of H shares and the copies thereof are consistent. The original register of members kept in Hong Kong is available for shareholders’ inspection, but the Company may close the register of members in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed. Shareholders enjoy

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

rights and assume obligations according to the class of shares held by him/her; shareholders who hold shares of the same class enjoy equal rights and assume equal obligations.

When the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or is engaged in any other acts requiring the identification of shareholders, the Board of Directors or the convener of the shareholders' meeting shall determine the date of record. Shareholders whose names appear on the register of members after the trading hours of the date of record are those entitled to the relevant rights and interests.

The rights of the Company's shareholders are as follows:

- (I) to receive distribution of dividends and other forms of benefits in proportion to the number of shares held by them;
- (II) to demand, convene, preside, attend or appoint proxy(ies) to attend the shareholders' meetings lawfully and to exercise corresponding voting rights;
- (III) to supervise the business operations of the Company, provide suggestions or raise queries;
- (IV) to transfer, grant or pledge the shares held in accordance with the provisions of laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of members, minutes of shareholders' meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held by them;
- (VII) for shareholders who have dissenting views on the resolutions of merger or division made by the shareholders' meeting, to request the Company to purchase the shares they hold;
- (VIII) any other rights as provided for by laws, administrative regulations, departmental rules, normative documents, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Where any shareholder demands to read or copy the relevant information, he/she shall comply with laws and administrative regulations including the Company Law and the regulatory requirements of the place where the shares of the Company are listed.

Shareholders of the Company have the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (III) not to withdraw their capital in circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the independent status of the Company's legal person and the limited liability of shareholders to damage the interests of the Company's creditors;
- (V) to assume other obligations required by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, the regulatory requirements of the place where the shares of the Company are listed and the Articles of Association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

If a shareholder of the Company abuses shareholder’s rights and causes losses to the Company or any other shareholders, he/she shall bear liability for compensation in accordance with law. If a shareholder of the Company abuses the independent status of the Company’s legal person and the limited liability of shareholders, evade debts, and causes material harm to the interests of the Company’s creditors, he/she shall bear joint and several liability for the debts of the Company.

CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

The Company’s controlling shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with the requirements of laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, the CSRC and other regulatory rules of the place where the shares of the Company are listed, and shall safeguard the interests of the listed company.

The Company’s controlling shareholders and actual controllers shall comply with the following provisions:

- (I) to exercise shareholder rights in accordance with laws, and not to abuse control rights or use related-party (connected) relationships to damage the legitimate rights and interests of the Company or other shareholders;
- (II) to strictly fulfill the public statements and various commitments made, and not to change or exempt them without authorization;
- (III) to strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate in the information disclosure work, and promptly inform the Company of major events that have occurred or are about to occur;
- (IV) not to occupy the Company’s funds in any way;
- (V) not to force, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (VI) not to use the Company’s major information undisclosed to seek benefits, not to disclose the Company’s major information undisclosed in any way, and not to engage in illegal and irregular activities such as insider trading, short-swing trading, and market manipulation;
- (VII) not to damage the legitimate rights and interests of the Company and other shareholders through unfair related-party (connected) transactions, profit distribution, asset restructuring, and external investment and otherwise;
- (VIII) to ensure the integrity of the Company’s assets, personnel independence, financial independence, institutional independence, and business independence, and not to affect the independence of the Company in any way;
- (IX) other provisions of laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, the CSRC, other regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Company’s controlling shareholders and actual controllers do not serve as directors of the Company but actually execute the Company’s affairs, the provisions of the Articles of Association on directors’ duties of loyalty and diligence shall apply. If the Company’s controlling shareholders and actual controllers instruct directors and senior management members to engage in activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such directors and senior management members.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

GENERAL PROVISIONS OF SHAREHOLDERS’ MEETING

The shareholders’ meeting of the Company shall be composed of all shareholders. The shareholders’ meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:

- (I) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (II) to examine and approve reports of the Board of Directors;
- (III) to examine and approve the profit distribution plans and loss recovery plan of the Company;
- (IV) to resolve on any increase or reduction of the Company’s registered capital;
- (V) to resolve on the issuance of securities or corporate bonds and the listing plan of the Company;
- (VI) to resolve on the merger, division, dissolution, liquidation or change of form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to resolve on the appointment, dismissal or non-reappointment of accounting firm for the audit of the Company and determine its remuneration;
- (IX) to examine and approve the guarantees stipulated in Article 46 of the Articles of Association;
- (X) to consider any major assets purchased or sold within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (XI) to examine and approve the change in the use of proceeds raised;
- (XII) to examine equity incentive scheme and employee stock ownership plan.
- (XIII) to consider matters relating to the acquisition of the shares of the Company that shall be resolved on by the shareholders’ meeting as stipulated by laws and regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (XIV) to consider matters relating to the related-party (connected) transactions that shall be resolved on by the shareholders’ meeting as stipulated by laws and regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (XV) to consider other matters that shall be resolved on by the shareholders’ meeting as stipulated by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, the regulatory requirements of the place where the shares are listed of the Company or the Articles of Association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The shareholders’ meeting may authorize the Board of Directors to resolve on the issuance of corporate bonds.

The following external guarantees by the Company shall be considered and approved by the shareholders’ meeting:

- (I) the total amount of the external guarantees provided by the Company and its holding subsidiary exceeds 50% of the latest audited net assets of the Company;
- (II) the total amount of the external guarantees provided by the Company exceeds 30% of the latest audited total assets of the Company;
- (III) a guarantee provided to a party with a debt ratio of more than 70%;
- (IV) the amount of a single guarantee exceeds 10% of the latest audited net assets;
- (V) the amount of a guarantee provided by the Company within one year exceeds 30% of the latest audited total assets of the Company;
- (VI) a guarantee provided to shareholders, actual controllers and their related (connected) parties;
- (VII) other guarantees that are subject to consideration by the shareholders’ meeting as stipulated by laws and regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or other normative documents.

Other external guarantee matters that do not meet the above standards shall be approved by the Board of Directors.

The guarantees within the scope of authority of the Board of Directors shall also be approved by more than two-thirds of the directors present at the board meeting in addition to being approved by a majority of all directors.

Any transaction conducted by the Company (excluding transactions such as financial assistance, provision of guarantees, the Company’s receipt of cash asset donations, or obtaining debt relief without consideration payment or any attached obligations) that meets the following criteria in accordance with the definition of “transaction” and relevant calculation methods stipulated in the Hong Kong Listing Rules shall not only be considered and approved by the Board of Directors but also submitted to the shareholders’ meeting for consideration and approval:

- (I) major transactions;
- (II) very substantial disposals;
- (III) very substantial acquisitions;
- (IV) reverse takeovers.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

For the purposes of this Article, “transactions” include: purchase or sale of assets; external investments (including entrusted wealth management, investments in subsidiaries, etc.); lease-in or lease-out of assets; entrustment or acceptance of entrustment for asset and business management; donation or acceptance of assets; external donations; debt restructuring; execution of license agreements; transfer or assignment of R&D projects; grant, acceptance, transfer, exercise, termination or waiver of rights (including waiver of right of first refusal, pre-emptive right to subscribe for capital contributions, etc.).

The aforementioned transactions exclude the following types of transactions conducted by the Company in connection with its daily operations: purchase of raw materials, fuels and power; acceptance of services; sale of products and commodities; provision of services; engineering contracting; and other transactions related to daily operations. However, the aforementioned transactions involved in asset swaps shall still be included.

The calculation method for the transaction amount referred to in this Article shall be determined with reference to the relevant provisions of Chapter 14 of the Hong Kong Listing Rules, as applicable.

Subject to the provisions of Article 21 of Articles of Association, any financial assistance provided by the Company (including interest-bearing or interest-free loans, entrusted loans, etc.) that falls under the matters requiring approval by the shareholders’ meeting as stipulated in the Hong Kong Listing Rules shall not only be considered and approved by the Board of Directors but also submitted to the shareholders’ meeting for deliberation and approval.

The provisions of the preceding paragraph shall not apply if the recipient of the financial assistance is a controlled subsidiary within the Company’s consolidated financial statements, and none of the other shareholders of such controlled subsidiary are the controlling shareholder, actual controller of the Company or their related (connected) persons.

CONVENING OF SHAREHOLDERS’ MEETING

Shareholders’ meetings shall be convened by the Board of Directors in accordance with laws. Independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting with the consent of more than a majority of all independent non-executive directors. For such proposal, the Board of Directors shall, in accordance with laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written feedback on whether it agrees to convene such extraordinary shareholders’ meeting within 10 days after receiving the proposal. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice for convening such meeting shall be given within five days after the resolution is made by the Board of Directors. If the Board of Directors does not agree to convene an extraordinary shareholders’ meeting, it shall explain. Where otherwise provided for by the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting and shall make such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the regulatory requirements of the place where the shares of the Company are listed and the Articles of Association, give a written feedback on whether it agrees to convene such extraordinary shareholders’ meeting within 10 days after receiving the proposal. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice for convening such meeting shall be given within five days after the resolution is made by the Board of Directors, and any changes to the original proposal set out in the notice are subject to approval of the Audit Committee. Where the Board of Directors does not agree to convene an extraordinary shareholders’ meeting or fails to give a feedback within 10 days after receiving the proposal, it shall be deemed to be unable to perform or fail to perform its duty of convening the shareholders’ meeting, in which case the Audit Committee may unilaterally convene and preside over the meeting.

Shareholders who individually or jointly hold 10% or more of the shares of Company shall have the right to request the Board of Directors to convene an extraordinary shareholders’ meeting and shall submit their request in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, the regulatory requirements of the place where the shares of the Company are listed and the Articles of Association, give a written feedback on whether it agrees to convene such extraordinary shareholders’ meeting within 10 days upon its receipt the request. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice for convening such meeting shall be given within five days after the resolution is made by the Board of Directors, any changes to the original proposal set out in the notice are subject to approval of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary shareholders’ meeting or fails to give a feedback within 10 days upon its receipt of the request, the shareholders who individually or jointly hold 10% or more of the shares of the Company shall have the right to propose to the Audit Committee to convene an extraordinary shareholders’ meeting and shall submit their request in writing. Where the Audit Committee agrees to convene an extraordinary shareholders’ meeting, a notice for convening such meeting shall be given within five days upon its receipt of the request, any changes to the original proposal set out in the notice are subject to approval of the relevant shareholders. Where the Audit Committee fails to issue the notice of the shareholders’ meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the shareholders’ meeting, and shareholders who individually or jointly hold more than 10% of the shares of the Company for more than 90 consecutive days may unilaterally convene and preside over the meeting.

Where the Audit Committee or shareholders decide to convene a shareholders’ meeting on their own, it shall give a notice to the Board of Directors in writing and take corresponding actions in accordance with the regulatory requirements of the place where the shares of the Company are listed. When the Audit Committee or the convening shareholders issue the notice of shareholders’ meeting and publicly announce the resolution(s) of the shareholders’ meeting, they shall take corresponding actions in accordance with the regulatory requirements of the place where the shares of the Company are listed. The shareholding held individually or jointly by the convening shareholders in the Company shall not fall below 10% before the resolution was made by the shareholders’ meeting.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

PROPOSAL AND NOTICE OF SHAREHOLDERS’ MEETING

The contents of a proposal shall fall within the scope of the terms of reference of the shareholders’ meeting, contain clear topics for discussion and specific matters for resolution, and comply with relevant laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory requirements of the place where the shares of the Company are listed and the relevant provisions of the Articles of Association.

Where the Company convenes a shareholders’ meeting, the Board of Directors, the Audit Committee, and shareholders who individually or jointly hold more than 1% of the shares of the Company have the right to submit proposals to the Company. Shareholders who individually or jointly hold more than 1% of the shares of the Company may submit a provisional proposal in writing to the meeting convener 10 days before the convening of the shareholders’ meeting. The provisional proposal shall have clear topics for discussion and specific matters for resolution. The meeting convener shall issue a supplementary notice of the shareholders’ meeting within two days after receiving the proposal to inform the contents of the provisional proposal, and shall submit the provisional proposal to the shareholders’ meeting for consideration, unless the provisional proposal violates laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory requirements of the place where the shares of the Company are listed, or the Articles of Association, or falls outside the scope of the terms of reference of the shareholders’ meeting. Where otherwise provided for by the securities regulatory rules of the places where the shares of the Company are listed regarding the publication of the supplementary notice of the shareholders’ meeting, such provisions shall prevail on the premise that they do not violate the Company Law and the Securities Law. If the shareholders’ meeting must be postponed due to the publication of the supplementary notice of the shareholders’ meeting under the securities regulatory rules of the places where the shares of the Company are listed, convening of the shareholders’ meeting shall be postponed in accordance with the securities regulatory rules of the place where the shares of the Company are listed. Except for the circumstances stipulated in the preceding paragraph, the meeting convener shall not modify the proposals set out in the notice of the shareholders’ meeting or add new proposals after issuing the notice of the shareholders’ meeting. A proposal that is not set out in the notice of the shareholders’ meeting or not in compliance with the Articles of Association shall not be submitted for voting or resolution at the shareholders’ meeting.

Subject to laws, administrative regulations, and regulatory requirements of the place where the shares of the Company are listed, the meeting convener shall notify each shareholder by way of an announcement 21 days before the annual shareholders’ meeting and 15 days before the extraordinary shareholders’ meeting. The Company shall not include the date of the meeting but exclude the date of issuance of notice in calculating the starting period. Where otherwise provided for by laws, regulations and the securities regulatory authority of the place where the shares of the Company are listed, such provisions shall prevail.

The notice of the shareholders’ meeting shall include the following contents:

- (I) the time, venue, and duration of the meeting;
- (II) the matters and proposals to be submitted for consideration at the meeting;
- (III) a clear statement that all shareholders are entitled to attend the shareholders’ meeting and may appoint a proxy in writing to attend the meeting and vote on their behalf. The shareholder’s proxy need not be a shareholder of the Company;
- (IV) the date of record for shareholders entitled to attend the shareholders’ meeting;
- (V) name, telephone number, and email address of the permanent contact person for the meeting;
- (VI) the time of voting and procedures for voting online or by other means;
- (VII) other matters as stipulated by laws, administrative regulations, normative documents, the Listing Rules of the Hong Kong Stock Exchange, and other regulatory requirements of the place where the shares of the Company are listed.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The notice and supplementary notice of the shareholders’ meeting shall include the contents stipulated in the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association, and shall fully and completely record all the specific contents of all proposals. The interval between the date of record and the date of meeting shall not be more than seven working days. Once the date of record is confirmed, no change may be made thereafter.

CONVENING OF SHAREHOLDERS’ MEETING

All shareholders or their proxies whose names have been registered as at the date of record are entitled to attend the shareholders’ meeting and exercise their voting rights in accordance with relevant laws, regulations, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association. Shareholders may attend the shareholders’ meeting in person or appoint a proxy to attend and vote on their behalf.

An individual shareholder who attends the meeting in person shall produce his/her identity card or other valid proof or certificate of his/her identity; in the case of attendance by a proxy, the proxy shall produce the valid proof of his/her identity and a power of attorney from the shareholder. A non-natural person shareholder shall be represented at the meeting by its legal representative/executive partner (or its assigned representative) or its proxy. The legal representative/executive partner (or his/her assigned representative) attending the meeting shall produce his/her identity card or the valid certificate proving his/her qualification to be a legal representative/executive partner (or his/her appointed representative); in the case of attendance by a proxy, the proxy shall produce his/her identity card and a written power of attorney issued by the legal representative/executive partner (or its assigned representative) of the non-natural person shareholder (other than a recognized clearing house or its nominee) according to law.

Where a shareholder is a recognized clearing house or its agent within the meaning of the relevant regulations of Hong Kong formulated from time to time, such shareholder may authorize one or more persons as it thinks fit to act as its proxy or representative at any shareholders’ meeting or any creditors’ meeting, provided that if more than one person is so authorized, the power of attorney or authorization document shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may represent the recognized clearing house or its agent to attend the meeting (without being required to produce evidence of shareholding, the notarized power of attorney and/or further evidence to prove that the person has been duly authorized) and exercise the legal rights equivalent to those of other shareholders, including the rights to speak and vote, as if such person were an individual shareholder of the Company.

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The power of attorney issued by a shareholder to authorize another person to attend the shareholders' meeting shall specify the following contents:

- (I) name of the principal, and the class and number of the shares of the Company held by the principal;
- (II) name of the proxy;
- (III) specific instructions from the shareholder, including instructions to vote for, against, or abstain from voting on each matter for consideration on the agenda of the shareholders' meeting;
- (IV) date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal. If the principal is a non-natural person shareholder, the seal of the non-natural person shareholder shall be affixed.
- (VI) other matters to be specified as required by the regulatory requirements of the place where the shares of the Company are listed.

Directors and senior management personnel shall give an explanation and clarification regarding the inquiries and suggestions from shareholders at the shareholders' meeting.

The meeting chairman shall announce the number of shareholders and proxies present at the meeting and the total number of shares with rights to vote held by them before voting. The number of shareholders and proxies present at the meeting and the total number of shares with rights to vote held by them shall be subject to the register of the meeting.

Meeting minutes shall be kept for the shareholders' meeting, and shall record the following contents:

- (I) the time, venue, agenda of the meeting and the name of the meeting convener;
- (II) the names of the meeting chairman and directors and senior management personnel attending the meeting;
- (III) the number of shareholders and proxies present at the meeting, the total number of shares with rights to vote held by them and the proportion of their shares to the total number of the shares of the Company;
- (IV) the consideration process and voting results of each proposal;
- (V) the inquiries or suggestions from shareholders and the corresponding replies or explanations;
- (VI) the names of lawyers (if any), vote counters and scrutineers;
- (VII) other contents that shall be recorded in the meeting minutes as required by laws, administrative regulations, the regulatory requirements of the place where the shares of the Company are listed or the Articles of Association.

VOTING AND RESOLUTIONS OF SHAREHOLDERS' MEETING

The resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution shall be adopted by a simple majority of the votes held by the shareholders (including shareholders who attend the shareholders' meeting through proxies) attending the shareholders' meeting. A special resolution shall be adopted by a two-thirds majority of the votes held by the shareholders (including shareholders who attend the shareholders' meeting through proxies) attending the shareholders' meeting.

The following matters shall be passed by an ordinary resolution of the shareholders' meeting:

- (I) work reports of the Board of Directors;

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- (II) profit distribution proposals and loss recovery proposals proposed by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors and their remunerations and relevant means of payment;
- (IV) annual reports of the Company;
- (V) to decide on the appointment, dismissal or non-renewal of the appointment of the accounting firms by the Company or matters relating to the remuneration of the accounting firms;
- (VI) other matters other than those that shall be passed by special resolutions as required by the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be passed by a special resolution of the shareholders’ meeting:

- (I) increase or decrease in the registered capital of the Company;
- (II) the division, merger, dissolution, and liquidation of the Company;
- (III) amendment to the Articles of Association;
- (IV) purchases or sales of significant assets by the Company or guarantees provided to others with an amount exceeding 30% of the total assets in the latest audited consolidated financial statements of the Company within one year;
- (V) equity incentive plan;
- (VI) other matters required by the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed or the Articles of Association, as well as those determined by ordinary resolutions of the shareholders’ meeting to have a significant impact on the Company, and which require to be passed by special resolutions.

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Shareholders (including shareholders who attend the shareholders’ meeting by proxy) shall exercise his/her voting rights based on the number of voting shares held with each share representing one vote. When the shareholders’ meeting deliberates on major matters affecting the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately. The results of the separate vote-counting shall be counted in accordance with relevant laws, regulations and regulatory rules of the place where the shares of the Company are listed and publicly disclosed in a timely manner. If relevant laws, regulations, the Listing Rules of the Hong Kong Stock Exchange or other regulatory rules of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail. The shares held by the Company shall have no voting rights and shall not be counted in the total number of voting shares present at the shareholders’ meeting.

According to the applicable laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, and other regulatory rules of the place where the shares of the Company are listed, if a shareholder who is required to abstain from voting on a resolution or is restricted to cast an affirmative or a negative vote shall abstain from voting or be required to so vote, any vote cast by such shareholder or on behalf of such shareholder which is cast in violation of the relevant regulations or restrictions shall not be counted in the total number of voting shares.

If shareholders purchase with voting shares of the Company in violation of the provisions of paragraph 1 and paragraph 2 of Article 63 of the Securities Law (if there are no relevant mandatory provisions in the listing rules and relevant regulatory rules of the place where the shares of the Company are listed, this may not apply), the portion of shares exceeding the specified proportion shall not exercise voting shares within 36 months after the date of purchase and shall not be counted in the total number of voting shares present at the shareholders’ meeting.

The Board of Directors, independent non-executive directors, shareholders holding 1% or more of the voting shares, or the investor protection bodies established in accordance with the laws, administrative regulations, or the requirements of the securities regulatory authorities of the place where the shares of the Company are listed, or the CSRC, may solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. It is prohibited to solicit voting rights from shareholders by means of consideration or disguised consideration. The Company may not impose any minimum shareholding requirements for the solicitation of voting rights except under the conditions as stipulated in the laws.

When relevant related (connected) transactions are considered at the shareholders’ meeting, related (connected) shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes; the shareholders’ meeting resolution shall fully disclose the voting situation of non-related (connected) shareholders. The Company is obliged to determine the scope of related (connected) shareholders and perform the relevant procedures for deliberating related (connected) transactions in accordance with relevant laws, regulations, the Listing Rules of the Hong Kong Stock Exchange, and other securities regulatory rules of the place where the shares of the Company are listed.

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BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. A person shall be disqualified from being a director of the Company in each of the following circumstances:

- (I) a person who does not have or who has limited capacity for civil conduct;
- (II) a person who has been convicted of and sentenced for offenses relating to corruption, bribery, trespass to assets, misappropriation of assets or disrupting the order of the socialist market economy or who has been deprived of his/her political rights as a result of him/her having committed an offense and, in each case, a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation; and, in case of suspension of sentence, no more than two years have elapsed since the date of expiration of the probationary period;
- (III) a person who was a director or factory manager or manager of a company or an enterprise which had become insolvent and liquidated and who incurred personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;
- (IV) a person who was a legal representative of a company or an enterprise which had its business license revoked or was ordered to close down on the grounds of contravention of law, and who incurred personal liability thereof, and a period of 3 years has not elapsed since the date of revocation of the business license or order of closure of that company or enterprise;
- (V) a person who is listed as a dishonest person subject to enforcement by the people’s court due to his/her failure to repay his/her relatively large amount of debts when due;
- (VI) a person who has been forbidden by the securities regulatory authority with a penalty to access the securities market and who is still in the period of penalty;
- (VII) a person who has been publicly recognized by the stock exchange as unsuitable for serving as a director, senior management member of the Company for a period that has not yet expired;
- (VIII) other circumstances that prohibit a person from being a director of the Company as stipulated by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, or other securities regulatory authorities of the place where the shares of the Company are listed.

Where the Company elects or appoints any director in violation of the provisions above, such elections, appointments or hiring shall be invalid. Where any director, during his/her term of office, is under any of the circumstances as mentioned above, the Company shall remove him/her from his/her office and stop him/her from performing his/her duties.

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Directors shall be elected or replaced by the shareholders' meeting and may be removed by the shareholders' meeting before the expiration of their term of office. The term of office of directors shall be three years, and the directors shall be eligible for re-election upon expiration of their term of office in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed. The term of office of a director shall commence from his/her accession till the expiry of the term of the current session of the Board of Directors. Where the election of directors fails to be timely conducted upon expiry of the term of office of the former directors, the former directors, prior to the accession of the newly elected directors, perform their duties as directors in accordance with laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed and the Articles of Association. A director may serve concurrently as senior management member, provided that the aggregate number of the directors who serve concurrently as senior management members and directors (being employee representatives) does not exceed one half of the total number of the directors of the Company. Representatives of the employees in the Board of Directors (if any) shall be democratically elected by the employees of the Company at the employee representatives' meeting, employees' meeting or in other forms, and therefore not subject to the approval of the shareholders' meeting.

Board of Directors

The Company shall establish a Board of Directors. The board shall consist of 7 directors, including 3 independent non-executive directors, and 1 chairman who shall be elected by more than half of all directors. The members of the Board of Directors shall be elected by the shareholders' meeting in accordance with the law, in which at least 1 independent non-executive director shall have appropriate professional qualifications that meet the requirements of the Listing Rules of the Hong Kong Stock Exchange or have appropriate accounting or related financial management expertise, and there shall be at least 1 independent non-executive director who generally resides in Hong Kong.

The Board of Directors exercises the following powers:

- (I) to convene shareholders' meeting and report on its work to the shareholders' meeting;
- (II) to implement the resolutions of the shareholders' meeting;
- (III) to decide the Company's business plans and investment proposals;
- (IV) to formulate the Company's profit distribution proposals and loss recovery proposals;
- (V) to formulate proposals for the increase or reduction of registered capital, issue of bonds or other securities and listing of the Company;
- (VI) to formulate proposals for material acquisitions, acquisition, repurchase of the Company's shares or merger, division, dissolution and change of corporate form of the Company in accordance with the regulations of the securities regulatory rules of the place where the shares of the Company are listed;
- (VII) to decide on external investments, acquisition or disposal of assets, assets security, external guarantee, entrusted wealth management, related (connected) transactions and external donations of the Company in accordance with the regulations of the securities regulatory rules of the place where the shares of the Company are listed and within the scope of authorized by the shareholders' meeting;
- (VIII) to decide on the setup of the Company's internal management organs;
- (IX) to decide on appointment or dismissal of the Company's manager and Chief Executive Officer (CEO) and other senior management members, and to decide on their remuneration, rewards and punishments; to decide on appointment or dismissal of senior management members such as the Chief Financial Officer (CFO), Chief Technology Officer (CTO), Chief Marketing Officer (CMO), and the secretary of the Board of Directors based on the nomination by the manager and Chief Executive Officer (CEO), and to decide on their remuneration, rewards and punishments;

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- (X) to formulate the Company’s basic management system;
- (XI) to formulate proposals for amendment to the Articles of Association;
- (XII) to manage the Company’s information disclosure;
- (XIII) to propose to hire or replace an accounting firm auditing for the Company to the shareholders’ meeting;
- (XIV) to listen to the work report of the Company’s manager and Chief Executive Officer (CEO) and inspect the work of the manager and Chief Executive Officer (CEO);
- (XV) other powers as conferred by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed, or the Articles of Association and granted by the shareholders’ meeting.

Matters which are beyond authorization of the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

The Board of Directors shall provide explanations to the shareholders’ meeting for the unqualified audit opinions issued by the certified accountants on the financial reports of the Company.

The Board of Directors may formulate the rules of procedures for the Board of Directors as needed, specifying the procedures for convening and voting of the Board of Directors to ensure its implementation of the resolutions passed at shareholders’ meeting, to enhance efficiency and to ensure scientific decision-making. The rules of procedures for the Board of Directors as an appendix to the Articles of Association shall be formulated by the Board of Directors and subject to approval by the shareholders’ meeting.

The Board of Directors shall, in accordance with the regulatory rules of the place where the shares of the Company are listed and within the scope of authorization granted by the shareholders’ meeting, approve the following transaction matters in accordance with the authority stipulated in the Articles of Association:

- (I) purchase or disposal of assets;
- (II) external investments (including entrusted wealth management, investments in the subsidiaries, etc.);
- (III) provision of financial assistance (including entrusted loans);
- (IV) provision of guarantees other than the external guarantees that require the approval of the shareholders’ meeting in accordance with the provisions of Articles of Association (referring to guarantees provided by the Company for others, including guarantees for controlling subsidiaries);
- (V) leasing in or leasing out of assets;
- (VI) signing management contracts (including entrusted operation, commissioned operation, etc.);
- (VII) donation or receipt of donated assets;
- (VIII) creditor’s rights or debt restructuring;
- (IX) transfer of research and development projects;
- (X) signing licensing agreements;

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- (XI) waiver of rights (including waiver of pre-emptive rights, priority to subscribe for capital contributions, etc.).

For major investment projects, the Board of Directors shall organize the relevant experts and professionals to conduct assessment for approval by the shareholders’ meeting.

For transactions that should be submitted to the Board of Directors for consideration in accordance with the relevant provisions of the Listing Rules of the Hong Kong Stock Exchange and other securities regulatory rules of the place where the shares of the Company, such transactions shall be submitted to the Board of Directors for consideration.

Meetings of the Board of Directors shall be held only if more than half of the directors are present. Resolutions of the Board of Directors shall be adopted by more than half of all directors. Voting at meetings of the Board of Directors shall be on a one-person-one-vote basis.

Independent Non-executive Directors

The independent non-executive directors shall have the meaning consistent with that of “independent non-executive directors” in the Listing Rules of the Hong Kong Stock Exchange. Independent non-executive directors shall also comply with other requirements regarding independence as stipulated under the Listing Rules of the Hong Kong Stock Exchange and the securities regulatory rules of the place where the shares of the Company are listed.

Independent non-executive directors shall comply with laws, administrative regulations, regulations of securities regulatory authorities, regulatory provisions of the place where the shares of the Company are listed and the Articles of Association, conscientiously perform their duties, play a role in participating in decision-making, providing supervision and check-and-balance as well as professional advice to the Board of Directors and safeguarding the overall interests of the Company, and protecting the legitimate interests of minority shareholders.

Independent non-executive directors, as members of the Board of Directors, shall owe a duty of loyalty and duty of diligence to the Company and all its shareholders, and shall perform the following duties with due care:

- (I) to participate in the decision-making of the Board of Directors and express explicit opinions on matters discussed;
- (II) to supervise matters relating to potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior management, and to protect the legitimate interests of minority shareholders;
- (III) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board of Directors;
- (IV) other duties as stipulated by laws, administrative regulations, regulations of the securities regulatory authority, regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Independent non-executive directors shall exercise the following special powers:

- (I) to independently engage intermediary institutions to audit, consult or verify specific matters of the Company;
- (II) to propose for the convening of extraordinary shareholders’ meetings to the Board of Directors;
- (III) to propose for the convening of board meetings;
- (IV) to publicly solicit shareholders’ rights from shareholders in accordance with the law;

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- (V) to express independent opinions on matters that may jeopardize the interests of the Company or minority shareholders;
- (VI) other powers as stipulated by laws, administrative regulations, regulations of the CSRC, regulatory requirements of the place where the shares of the Company are listed, and the Articles of Association.

When an independent non-executive director exercise any of the powers in items (I) to (III) above, he/she shall obtain the approval of more than half of all independent non-executive directors.

The Company shall disclose in a timely manner any exercise of the powers listed above by independent non-executive directors. If the aforementioned powers cannot be exercised properly, the Company shall disclose the details and reasons thereof.

The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all independent non-executive directors of the Company:

- (I) related (connected) transactions that shall be disclosed;
- (II) changes in or waivers of commitments by the Company and related parties;
- (III) decisions made and measures taken by the Board of Directors of the acquired company in response to the acquisition;
- (IV) other matters stipulated by laws, administrative regulations, regulations of the securities regulatory authority, regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Special Committees of the Board

The Board of Directors of the Company shall establish an Audit Committee, which shall exercise the powers of the board of supervisors as stipulated by the Company Law. The Audit Committee shall consist of 3 members who are directors not serving as senior management in the Company, among which 2 shall be independent non-executive directors. The chairman of the Audit Committee shall be an independent director who is an accounting professional.

The Audit Committee is responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the Audit Committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (II) engagement or dismissal of the accounting firm conducting audit services for the Company;
- (III) appointment or dismissal of the financial controller of the Company;
- (IV) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, provisions of the securities regulatory authorities, regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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The Board of Directors of the Company shall establish special committees for nomination and remuneration, which shall perform their duties in accordance with laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and the powers delegated by the Board of Directors. Proposals made by special committees shall be submitted to the Board of Directors for consideration and decision. The Board of Directors shall be responsible for formulating the working procedures of special committees. The majority of members of the Remuneration Committee and the Nomination Committee shall be independent non-executive directors. The Remuneration Committee must be chaired by an independent non-executive director, and the Nomination Committee must be chaired by the chairman of the Board of Directors or an independent non-executive director. The Nomination Committee shall include at least one director of a different gender.

The Nomination Committee is responsible for formulating the criteria and procedures for selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (I) nomination or appointment and removal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters as stipulated by laws, administrative regulations, provisions of the CSRC, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for its non-adoption in a resolution of the Board of Directors and make corresponding disclosure.

The Remuneration Committee is responsible for the formulation of standards for appraising and conducting evaluation of directors and senior management, and the formulation and review of the remuneration determination mechanisms, decision-making procedures, payment and suspension of payment and recovery arrangements, and other remuneration policies and proposals for directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (I) the remuneration of directors and senior management;
- (II) the formulation or amendment of equity incentive scheme and employee stock ownership plan, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (III) the arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (IV) other matters as stipulated by laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinion of the remuneration and appraisal committee and the specific reasons for its non-adoption in a resolution of the Board of Directors and make corresponding disclosure.

SENIOR MANAGEMENT

The Company shall have a manager and chief executive officer (CEO), chief financial officer (CFO), chief technology officer (CTO), chief marketing officer (CMO) and secretary of the Board of Directors, who shall be appointed or dismissed by the Board of Directors.

Any person who takes administrative position other than a director or supervisor in the controlling shareholder of the Company shall not act as the senior management of the Company. The Company's

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senior management shall receive their salaries only from the Company and not from the controlling shareholder on behalf of the Company.

The term of office of the manager and CEO shall be three years, renewable upon reappointment.

The manager and CEO shall be accountable to the Board of Directors and exercise the following powers:

- (I) to preside over the production and operation management of the Company, organize the enforcement of resolutions of the Board of Directors and report to the Board of Directors on work;
- (II) to organize the implementation of the annual operation plans and investment schemes of the Company;
- (III) to formulate the structure scheme of the internal management department of the Company;
- (IV) to formulate the fundamental management policies of the Company;
- (V) to formulate the specific rules of the Company;
- (VI) to propose to the Board of Directors the appointment or dismissal of the Company's CFO, CTO, CMO and secretary of the Board of Directors;
- (VII) to decide on the appointment or dismissal of management personnel, except for those who shall be appointed or dismissed by the Board of Directors;
- (VIII) other responsibilities assigned by the Articles of Association or the Board of Directors.

The manager and CEO shall attend the meeting of the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company formulates and discloses its financial and accounting system in accordance with the laws, administrative regulations, requirements of relevant departments of the State and regulatory rules of the place where the shares of the Company are listed.

The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

When the Company distributes its after-tax profits for the current year, it shall allocate 10% of the profits to the Company's statutory reserve funds. If the cumulative amount of the Company's statutory reserve funds reaches 50% or more of the Company's registered capital, no further allocation is required. If the Company's statutory reserve funds are insufficient to make up for the losses of previous years, the current year's profits shall be used to make up for the losses before allocating the statutory reserve funds as stipulated in the previous paragraph. After the Company allocates the statutory reserve funds from its after-tax profits, it may, upon resolution of the shareholders' meeting, also allocate discretionary reserve funds from the after-tax profits. The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the law and regulations, regulatory rules of the place where the securities of the Company are listed or the Articles of Association. If the shareholders' meeting distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the Company; where losses are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation. The own shares held by the Company shall not be entitled to profit distribution. The Company shall appoint one or more receiving agent(s) in Hong Kong for the H shareholders. The receiving agent(s) shall collect, on behalf of relevant H shareholders, the dividends distributed by the Company in respect of H shares and other payables, and keep such amounts for future payments to such H shareholders. The receiving

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agent(s) appointed by the Company shall comply with the requirements of the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The Company's reserve fund shall be applied to make up for the Company's losses, expand its production and business operations, or increase the Company's registered capital. When the Company's losses are made up with reserve funds, the discretionary reserve funds and the statutory reserve funds shall first be used; if insufficient, the capital reserve funds may be used according to the provisions. Upon the conversion of statutory reserve funds for increase of registered capital, the balance of the statutory reserve funds shall not be less than 25% of the registered capital of the Company before such conversion.

The annual profit distribution proposal of the Company shall be proposed by the Chairman of the Board in light of the provisions of Articles of Association, the Company's profit situation, capital requirements and shareholder return plan. After being considered and approved by the Board of Directors and the Audit Committee, the proposal shall be submitted to the shareholders' meeting for approval. The distribution of dividends (or shares) shall be completed within two months after the shareholders' meeting of the Company has made a resolution on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan in accordance with the conditions and cap for the interim dividend distribution of next year approved by the annual shareholders' meeting.

Internal Audit

The Company implements an internal audit system, which clearly stipulates the leadership structure, duties and authorization, personnel allocation, finance support, audit results application, accountability and other matters in relation to internal audit work.

Engagement of Accounting Firm

The Company engages an accounting firm that is qualified under the regulatory rules of the place where the shares of the Company are listed for auditing financial statements, verify its net assets, and provide other relevant consulting services. The accounting firm shall serve a term of one year and the engagement may be renewed.

The engagement and dismissal of an accounting firm by the Company shall be subject to the determination of the shareholders' meeting. The Board of Directors shall not appoint accounting firm prior to the decision of the shareholders' meeting.

The Company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials without any refusal, withholding and misrepresentation.

The audit fees for the accounting firm shall be decided by the shareholders' meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall give 7 days' advance notice to such accounting firm. The accounting firm may present its views when the dismissal of the accounting firm is voted at the shareholders' meeting of the Company.

If the accounting firm proposes to resign, it shall make a representation to the shareholders' meeting as to whether the Company has any irregularity.

NOTICE AND ANNOUNCEMENT

A notice of the Company shall be served as follows, subject to laws, regulations, rules and relevant regulations of the stock exchange where the shares of the Company are listed:

- (I) by hand or in writing;
- (II) by mail;
- (III) by e-mail;
- (IV) by announcement on the websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of the stock exchange on which the shares of the Company are listed;

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(V) by other means specified beforehand by the Company and/or the recipient or approved by the recipient after receiving the notice;

(VI) by other means as approved by the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Subject to compliance of law, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association, if a notice of the Company is served by announcement, the said notice shall be deemed as received by all the relevant persons once it is announced.

The notice of the shareholders’ meeting of the Company shall be served by hand, express delivery, fax, email or announcement. Where the regulatory rules of the place where the shares of the Company are listed have any other provisions, such provisions shall prevail.

The notice of the board meeting of the Company shall be served by hand, email, fax, mail or telephone, or announcement.

Unless the context otherwise requires, the term “announcement” as mentioned above, in respect of an announcement issued to the holders of H shares or issued in Hong Kong as required under the relevant regulations and the Articles of Association, shall be published on the Company’s website, the website of the Hong Kong Stock Exchange, and other websites as stipulated by the Listing Rules of the Hong Kong Stock Exchange from time to time in accordance with the relevant requirements of the Listing Rules of the Hong Kong Stock Exchange.

If the notice of the Company is served by hand, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if the notice of the Company is served by mail, the third working day after handover to the post office shall be the date of service; if the notice of the Company is delivered by fax, the date of the fax report printed by the fax machine of the Company indicating that the facsimile has been successfully faxed shall be the date of service; if the notice of the Company is delivered by email, the date when the message information enters the specified system of the recipient shall be the date of delivery; if the notice of the Company is served by telephone, the date of the telephone notice shall be the date of delivery; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Companies may merge through merger by absorption or through the establishment of a newly merged entity. The absorption of a company by another company is known as merger by absorption, whereby the company being absorbed shall be dissolved. The merger of two or more companies to establish a new company is known as merger by a new establishment, whereby the merged parties shall be dissolved.

Where the price paid for the merger of the Company does not exceed 10% of the net assets of the Company, it may not be subject to a resolution of the shareholders’ meeting, unless otherwise provided in the Articles of Association. Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the shareholders’ meeting, it shall be subject to a resolution of the Board of Directors.

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In the event of a merger of the Company, the merged parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall inform its creditors within 10 days and publish an announcement on designated media and the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk) and the National Enterprise Credit Information Publicity System within 30 days after approving the merger resolution. The creditors shall require the Company to pay off the debts or to provide corresponding security within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

Upon merger of the Company, the claims and debts of each of the merged parties shall be assumed by the surviving company or the newly established company.

Where there is a division of the Company, its properties shall be divided accordingly. In the case of a division, a balance sheet and an inventory of assets shall be prepared. The Company shall inform its creditors within 10 days and publish an announcement on the National Enterprise Credit Information Publicity System within 30 days after approving the division resolution.

Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by surviving companies after division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company shall notify the creditors within 10 days upon the passing of the resolution by the shareholders' meeting about the reduction in the registered capital and publish an announcement on the National Enterprise Credit Information Publicity System within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding security within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice. When the Company reduces its registered capital, it shall reduce the amount of capital contributions or shares in proportion to shareholders' capital contributions or shareholdings, unless otherwise stipulated in the law, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association. The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum level required by laws.

Where the Company still incurs losses after making up its losses in accordance with the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share. The aforesaid requirements relating to the notice and announcement period for capital reduction shall not apply to the reduction in the registered capital in accordance with the aforesaid provisions. The Company shall publish an announcement on the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the shareholders' meeting. After reducing its registered capital in accordance with the aforesaid provisions, the Company shall not distribute profits until the cumulative amount of its statutory common reserve fund and discretionary common reserve fund reaches 50% of its registered capital.

Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless the Articles of Association provide otherwise or the shareholders' meeting resolves that the shareholders shall have pre-emptive right.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (I) the term of business of the Company has expired or other events of dissolution occur under the Articles of Association;
- (II) the shareholders’ meeting resolves to dissolve the Company;
- (III) the Company needs to be dissolved due to merger or division;
- (IV) the business license is revoked, or the Company is ordered to close or be deregistered according to applicable laws;
- (V) where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company may request the people’s court to dissolve the Company.

The Company shall, within 10 days of the occurrence of the reasons for dissolution stipulated in the preceding paragraph, make an announcement of the reasons for dissolution through the National Enterprise Credit Information Publicity System.

In the event of the circumstance as set forth in items (I) and (II) above, the Company may subsist by amending the Articles of Association or through a resolution of the shareholders’ meeting, provided that the Company has not distributed its property to the shareholders. The amendment of the Articles of Association in accordance with provisions set out above or the resolution of the shareholders’ meeting shall be subject to the approval of more than two-thirds of voting rights held by the shareholders present at the shareholders’ meeting.

Where the Company is dissolved under items (I), (II), (IV) and (V) above, it shall be liquidated. The directors are the liquidation obligors of the Company and shall form a liquidation team to carry out liquidation within 15 days after the occurrence of an event of dissolution. The liquidation team shall be composed of directors of the Company, unless it is otherwise provided for in the Articles of Association or elected by the shareholders’ meeting. If the liquidation obligors fail to perform their liquidation obligations in a timely manner and causes losses to the Company or creditors, they shall be liable for compensation.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

AMENDMENT TO THE ARTICLES

Amendments shall be made to the Articles in any of the following circumstances:

- (I) after an amendment of the Company Law, the Listing Rules of the Hong Kong Stock Exchange and other regulatory rules of the place where the shares of the Company are listed, or relevant laws and administrative regulations, and there is any conflict between the provisions of the Articles and those of the amended laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and other regulatory rules of the place where the shares of the Company are listed;
- (II) there are changes in the particulars of the Company which are different from that set out in the Articles;
- (III) the shareholders’ meeting has decided to amend the Articles.

Amendments to the Articles adopted by a resolution of the shareholders’ meeting which are subject to approvals from relevant competent authority shall be submitted to the competent authority for approval; if it involves registered particulars of the Company, application shall be made for change in registration in accordance with laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting for amendments to the Articles and the review opinions from the relevant competent authority.

Where amendments to the Articles involve information to be disclosed as required by laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed, the Company shall publish an announcement in accordance with the provisions.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a limited liability company under the laws of the PRC in August 2018. Our registered address and principal place of business is at Room 201, Block D, Building 7, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Sub-district, Nanshan District, Shenzhen, Guangdong Province, PRC.

We have established a place of business in Hong Kong at Room 1920, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 17, 2025. Ms. Tang Ka Yan, our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of laws and regulations of the PRC is set out in the section headed “Regulatory Overview” in this document. A summary of our Articles of Association is set out in Appendix V to this document.

B. Changes in the Share Capital of our Company

On November 5, 2025, our Company was converted into a joint stock company with limited liability, whose registered share capital was RMB9,715,449 consisting of 9,715,449 Unlisted Shares with a nominal value of RMB1.00 each, which has been fully paid up by our promoters.

On November 10, 2025, our Shareholders resolved to increase our registered share capital from RMB9,715,449 to RMB9,868,121. Upon the completion of such capital increase, the registered share capital of our Company is RMB9,868,121 consisting of 9,868,121 Unlisted Shares with a nominal value of RMB1.00 each.

On November 21, 2025, our Shareholders resolved that each of our Share with nominal value of RMB1.00 will be subdivided into ten Shares with nominal value of RMB0.1 each immediately prior to the [REDACTED]. Upon completion of such Share Subdivision, the registered capital of our Company, which is RMB10,442,241, will be divided into 104,422,410 Shares with nominal value of RMB0.1 per Share.

On December 26, 2025, our Shareholders resolved to increase our registered share capital from RMB9,868,121 to RMB10,280,302. Upon the completion of such capital increase, the registered share capital of our Company is RMB10,280,302 consisting of 10,280,302 Unlisted Shares with a nominal value of RMB1.00 each.

On February 6, 2026, our Shareholders resolved to increase our registered share capital from RMB10,280,302 to RMB10,442,241. Upon the completion of such capital increase, the registered share capital of our Company is RMB10,442,241 consisting of 10,442,241 Unlisted Shares with a nominal value of RMB1.00 each.

Immediately following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, our registered share capital will be increased to RMB[REDACTED], divided into [REDACTED] H Shares, fully paid up or credited as fully paid up.

Save as disclosed above, there has been no alteration in the share capital within two years immediately preceding the date of this document.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

C. Resolutions Passed by Our Shareholders’ General Meeting in relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on November 21, 2025, the following resolutions, among others, were duly passed:

- (1) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (2) the proposed number of H Shares to be [REDACTED] under the [REDACTED] and the grant of the [REDACTED]. The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED];
- (3) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED]; and
- (4) authorization of our Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED].

D. Changes in Share Capital of our Subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this document.

1) *Hefei Shuimu Blue Whale Technology Co., Ltd.* (合肥水木藍鯨科技有限公司) (“*Hefei Blue Whale*”)

On June 20, 2025, Hefei Blue Whale was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB100,000.

2) *Shenzhen Aika Robot Co., Ltd.* (深圳艾卡機器人有限公司) (“*Shenzhen Aika*”)

On April 8, 2025, Shenzhen Aika was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB1,000,000.

On August 18, 2025, the registered share capital of Shenzhen Aika was increased to RMB2,000,000.

3) *Shenzhen Shiyu Xinlian Semiconductor Technology Co., Ltd.* (深圳視域芯聯半導體科技有限公司) (“*Shiyu Xinlian*”)

On April 9, 2025, Shiyu Xinlian was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB1,000,000.

4) *Shenzhen Lvdong Intelligent Robot Co., Ltd.* (深圳律動智能機器人有限公司) (“*Shenzhen Lvdong*”)

On November 13, 2025, Shenzhen Lvdong was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB3,000,000.

5) *Shenzhen Xiwen Innovation Technology Co., Ltd.* (深圳市熹文創新科技有限公司) (“*Shenzhen Xiwen*”)

On December 26, 2025, Shenzhen Xiwen was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB10.0 million.

6) *Yangzhou Shuimu Blue Whale Semiconductor Technology Co., Ltd.* (揚州水木藍鯨半導體技術有限公司) (“*Yangzhou Blue Whale*”)

On January 16, 2026, Yangzhou Blue Whale was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB20.0 million.

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7) *Robomotion Limited*

On October 30, 2025, Robomotion Limited was incorporated as a limited company under the laws of Hong Kong, with a registered share capital of HKD10,000.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed “Appendix V—Summary of the Articles of Association of the Company” in this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(1) the [REDACTED].

B. Our Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered, or has applied for the registration of the following intellectual property rights which were material to our Group’s business.

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STATUTORY AND GENERAL INFORMATION

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
1	曦华科技	42	Our Company	PRC	72391578	February 7, 2025 – February 6, 2035
2	TMCU	42	Our Company	PRC	78759719	November 21, 2024 – November 20, 2034
3		9, 35	Our Company	PRC	51878878	December 21, 2021 – December 20, 2031
4	CVA	9	Our Company	PRC	40798776A	August 21, 2020 – August 20, 2030
5	曦华	9	Our Company	PRC	34161129A	July 7, 2019 – July 6, 2029
6	TMCU	9	Our Company	PRC	78764294	January 28, 2025 – January 27, 2035
7	水木蓝鲸	9	Shanghai Blue Whale	PRC	72382501	May 7, 2025 – May 6, 2035
8		9	Shanghai Blue Whale	PRC	72372376	February 21, 2025 – February 20, 2035
9		9	Shanghai Blue Whale	PRC	59299544	May 14, 2022 – May 13, 2032
10		42	Shanghai Blue Whale	PRC	59302224	May 14, 2022 – May 13, 2032
11	 曦华科技 CVA CHIP	42	Our Company	PRC	72370610	January 28, 2025 – January 27, 2035
12	CVA	9, 35	Our Company	PRC	34145978A	July 7, 2019 – July 6, 2029
13	水木蓝鲸	42	Shanghai Blue Whale	PRC	72368519	May 7, 2024 – May 6, 2034
14	水木蓝鲸	9	Shanghai Blue Whale	PRC	59318844	July 7, 2022 – July 6, 2032
15	曦华科技	9	Our Company	PRC	72387707	September 14, 2025 – September 13, 2035
16	 曦华科技 CVA CHIP	9	Our Company	PRC	72394604	September 14, 2025 – September 13, 2035
17	 水木蓝鲸 BLUE WHALE	42	Shanghai Blue Whale	PRC	72368514	June 28, 2025 – June 27, 2035
18	 曦华科技 CVA CHIP	9, 42	Our Company	Hong Kong	307009876	August 27, 2025 – August 26, 2035

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STATUTORY AND GENERAL INFORMATION

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
1	Our Company	A detection method, device, touch-sensitive device, and storage medium (一種檢測方法、裝置、觸控裝置以及存儲介質)	ZL202410751280.3	Invention	June 12, 2024	October 1, 2024
2	Anhui Xihe	Capacitance detection circuit, method, touch chip, and electronic device (電容檢測電路、方法、觸控芯片和電子設備)	ZL202311526584.1	Invention	November 16, 2023	November 26, 2024
3	Our Company	Raw data processing method for touchscreen, device, electronic equipment, and storage medium (觸摸屏的原始數據處理方法、裝置、電子設備及存儲介質)	ZL202310579831.8	Invention	May 23, 2023	August 29, 2023
4	Our Company	Method and apparatus for synchronously controlling codec input and output in a display chip system (一種顯示芯片系統中碼片輸入輸出同步控制方法及裝置)	ZL202310337297.X	Invention	March 31, 2023	August 4, 2023
5	Our Company	Signal processing method for demodulated signals in a capacitance sampling circuit and related apparatus (電容採樣電路中對解調信號的信號處理方法及相關裝置)	ZL202310029858.X	Invention	January 9, 2023	April 18, 2023
6	Our Company	Data processing method for proximity events in hand-off detection scenarios and related apparatus (離手檢測場景中針對接近事件的數據處理方法及相關裝置)	ZL202310029026.8	Invention	January 9, 2023	October 27, 2023
7	Our Company	Intelligent steering wheel heating method and apparatus, vehicle, storage medium, and program (車輛方向盤智能加熱方法及裝置、車輛、存儲介質和程序)	ZL202310363402.7	Invention	January 10, 2023	July 22, 2025
8	Our Company	Capacitive touch screen detection circuit and control method thereof (電容觸摸屏檢測電路及其控制方法)	ZL202111678603.3	Invention	December 31, 2021	January 14, 2025
9	Our Company	Capacitance detection method based on delay-locked loop and capacitance detection circuit (一種基於延遲鎖相環路的電容檢測方法及電容檢測電路)	ZL202211187935.6	Invention	September 28, 2022	May 28, 2024
10	Our Company	Image processing method and related apparatus (圖像處理方法及相關裝置)	ZL202111324206.6	Invention	November 9, 2021	August 18, 2023
11	Our Company	Image processing method, apparatus, and storage medium (圖像處理方法、裝置及存儲介質)	ZL202110910656.7	Invention	August 9, 2021	April 25, 2023
12	Our Company	Local image processing method, apparatus, electronic device, and storage medium (一種局部圖像處理方法、裝置、電子設備及存儲介質)	ZL202110913072.5	Invention	August 10, 2021	June 21, 2024
13	Our Company	Image processing method and related apparatus (圖像處理方法及相關裝置)	ZL202110916296.1	Invention	August 9, 2021	December 19, 2023
14	Our Company	Antenna module, temperature variation detection method and apparatus, and related applications (天線模組、溫度變化的檢測方法及裝置和相關應用)	ZL202110552464.3	Invention	May 20, 2021	April 15, 2025
15	Our Company	Capacitance detection circuit, related method, module, apparatus, device, and application (一種電容檢測電路、相關方法、模塊、裝置、設備及應用)	ZL202110541314.2	Invention	May 18, 2021	September 10, 2021

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No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
16	Our Company	Capacitance detection method based on delay-locked loop and capacitance detection circuit (一種基於延遲鎖相環路的電容檢測方法及電容檢測電路)	ZL202211187746.9	Invention	September 28, 2022	May 24, 2024
17	Our Company	Image conversion method, apparatus, device, medium, and program product (一種圖像轉換方法、裝置、設備、介質及程序產品)	ZL202410286177.6	Invention	March 13, 2024	July 9, 2024
18	Anhui Xihe	Mutual capacitance detection circuit, touch chip, and electronic device (互容檢測電路、觸控芯片和電子設備)	ZL202323101642.4	Utility model	November 16, 2023	June 7, 2024
19	Our Company	SUCCESSIVE APPROXIMATION REGISTER (SAR) DIGITAL ANALOG-TO-DIGITAL CONVERTER (ADC), AND ELECTRONIC DEVICE	US 12,355,464 B2	Invention	April 23, 2021	July 8, 2025
20	Our Company	ANTENNA SELF-CAPACITANCE CHANGE DETECTION METHOD AND APPARATUS, AND RELATED APPLICATIONS	US 12,395,943 B2	Invention	April 13, 2023	August 19, 2025

Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain Name	Name of Registered Proprietor	Validity Period
1	cvainnov.com	Our Company	May 30, 2018 – May 30, 2026
2	xihuatech.com	Our Company	September 9, 2020 – September 9, 2028
3	cvachip.com	Our Company	September 12, 2020 – September 12, 2028
4	xihuachip.com	Our Company	September 12, 2020 – September 12, 2028
5	bwsilicon.com	Beijing Shuimu Blue Whale Semiconductor Technology Co., Ltd. (北京水木藍鯨半導體技術有限公司)	April 14, 2021 – April 14, 2026

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we considered to be material to our business:

No.	Software Name	Owner	Registration No.
1	MCU Host Computer Security Operations Management System (MCU 上位機安全運維管理系統)	Our Company	2023SR1481369
2	TWS In-Ear Detection and Touch Detection Driver Software (TWS入耳檢測與觸摸檢測驅動軟件)	Our Company	2023SR1786765
3	Scaler Chip Online Debugging Software (Scaler芯片在線調試軟件)	Our Company	2023SR1346936
4	Automotive Chip Communication Software (用於汽車的芯片通訊軟件)	Anhui Xihe	2023SR1233867
5	Automotive Fault Detection Software (用於汽車的故障檢測軟件)	Anhui Xihe	2023SR1233829
6	Crypto Encryption Software for Enhancing Automotive Chip Security Performance (用於提高汽車芯片安全性能的Crypto加密軟件)	Anhui Xihe	2023SR1234629
7	TWS Earbuds Touch-Sensitive Intelligent Operation Management System (TWS耳機觸控智能操作管理系統)	Anhui Xihe	2023SR1488034
8	TWS Earbuds Multi-Touch Interaction Analysis System (TWS耳機多點觸控交互分析系統)	Our Company	2023SR1489043
9	AUTOSAR MCAL Control Software (AUTOSAR MCAL控制軟件)	Anhui Xihe	2023SR1019633

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STATUTORY AND GENERAL INFORMATION

No.	Software Name	Owner	Registration No.
10	MCU Control Software (MCU控制軟件)	Shanghai Blue Whale	2023SR0464619
11	Parameter Simulation Application Software for Motor Control (電機控制用參數仿真應用軟件)	Shanghai Blue Whale	2023SR0464620
12	Automotive Lighting Control Application Software (汽車照明控制應用軟件)	Shanghai Blue Whale	2022SR0760825
13	Automotive Ventilation and Air Conditioning Control Application Software (汽車通風及空氣調節控制應用軟件)	Shanghai Blue Whale	2022SR0760802
14	Automotive Infotainment Real-time Control Application Software (汽車信息娛樂實時控制應用軟件)	Shanghai Blue Whale	2022SR0760803
15	Automotive Seat and Window Control Application Software (汽車座位門窗控制應用軟件)	Shanghai Blue Whale	2022SR0760827
16	TWS Earbuds In-Ear + Touch Control Application Software (TWS耳機入耳+觸控應用軟件)	Our Company	2021SR1500405
17	Infrared Camera Recognition Application Software (紅外攝像頭識別應用軟件)	Our Company	2020SR0578035

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors’ Contracts

Each of our Directors [has] entered into a service contract with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors

See “Directors and Senior Management” and Note 9 to the Accountants’ Report in Appendix I to this document for the remuneration or benefits in kind of our Directors for the three years ended December 31, 2025.

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

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors and Chief Executive of Our Company

Save as disclosed below, immediately following the completion of the Share Division, [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming that the [REDACTED] is not exercised), none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [REDACTED] on the Stock Exchange.

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Name of Director	Our Company/ associated corporation	Capacity/nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
			Number of Unlisted Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Chen ⁽¹⁾	Our Company	Beneficial owner	1,699,941	16.28%	[REDACTED]	[REDACTED]%
		Interest in controlled corporation	3,225,516	30.89%	[REDACTED]	[REDACTED]%
		Interest of spouse	1,475,002	14.13%	[REDACTED]	[REDACTED]%

(1) See “Substantial Shareholders” for details.

Up to the Latest Practicable Date, none of the Directors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to subscribe for shares or debentures of our Company or any of its associated corporations.

B. Substantial Shareholders

Save as disclosed below and in the section headed “Substantial Shareholders” in this document, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

Interests of the substantial shareholders of other members of our Group

Member of our Group	Name of substantial shareholder	Nature of interest	Percentage of equity interests
Shenzhen Aika Robot Co., Ltd.	Zheng Run (鄭潤)	Beneficial owner	49.0%
Shenzhen Shiyu Xinlian Semiconductor Technology Co., Ltd. (深圳視域芯聯半導體 科技有限公司)	Shenzhen 8klink Optoelectronic Technology Co., Ltd. (深圳新聯勝光電科技 有限公司)	Beneficial owner	49.0%

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STATUTORY AND GENERAL INFORMATION

C. Disclaimers

- (1) none of our Directors has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (2) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and
- (3) save as disclosed in the sections headed “Substantial Shareholders” and “—4. Disclosure of interests—A. Disclosure of Interests of Directors and Chief Executive of Our Company”, so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any outstanding material litigation or arbitration which may have material and adverse effect on the [REDACTED] and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

C. Sole Sponsor

The Sole Sponsor has made an [REDACTED] on our behalf to the Listing Committee for the [REDACTED] of, and permission to [REDACTED], our H Shares. The Sole Sponsor satisfies the independence criteria applicable to a sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a total fee of US\$0.5 million to act as the sponsor in connection with the [REDACTED].

D. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as the compliance advisor upon the [REDACTED] in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses.

F. Promoters

See “History and Corporate Structure—Our Company—Joint Stock Reform of Our Company” for details of our promoters.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
ABCI Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants and registered public interest entity auditors
AllBright Law Offices (Shenzhen)	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Commerce & Finance Law Offices	International Sanctions Advisor

H. Consents of Experts

Each of the experts named in “—5. Other Information—G. Qualification of Experts” above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the [REDACTED] of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. Intending holders of the H Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of [REDACTED] for, purchasing, holding or disposing of or [REDACTED] in the H Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their [REDACTED] for, purchase, holding or disposal of or [REDACTED] in the H Shares or exercise of any rights attaching to them.

J. No Material and Adverse Change

Our Directors confirm that there has been no material and adverse change in the financial or trading position of our Group since December 31, 2025.

K. Binding Effect

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

L. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in Note 37 to the Accountants’ Report in Appendix I to this document.

M. Restriction on Share Repurchases

See Appendix V to this document for details.

N. Miscellaneous

- (1) Within the two years immediately preceding the date of this document:
 - (i) save as disclosed in the section headed “History and Corporate Structure”, no share or loan capital of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) save as disclosed in the section headed “[REDACTED],” no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Group; and
 - (iv) save as disclosed in the section headed “[REDACTED],” no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.
- (2) There are no founder, management or deferred shares or any debentures in our Group.
- (3) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.
- (4) Our Company has no outstanding convertible debt securities or debentures.
- (5) There is no arrangement under which future dividends are waived or agreed to be waived.
- (6) Save as disclosed in the section headed “History and Corporate Structure,” none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (7) All necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement.
- (8) No company within our Group is presently listed on any stock exchange or traded on any trading system.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (1) copies of the material contract referred to in “2. Further Information about Our Business—A. Summary of Our Material Contract” in Appendix VI; and
- (2) the written consents referred to in “5. Other information—H. Consents of Experts” in Appendix VI.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at www.cvachip.com and on the website of the Stock Exchange at www.hkexnews.hk up to and including the date which is 14 days from the date of this document:

- (1) the Articles of Association in Chinese;
- (2) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I;
- (3) the audited consolidated financial statements of our Group for the three years ended December 31, 2025;
- (4) the report from Ernst & Young relating to the unaudited [REDACTED] financial information, the text of which is set out in Appendix II;
- (5) the material contract referred to in “2. Further Information about Our Business—A. Summary of Our Material Contract” in Appendix VI;
- (6) the written consents referred to in “5. Other information—H. Consents of Experts” in Appendix VI;
- (7) the contracts referred to in “3. Further Information about Our Directors—A. Particulars of Directors’ Contracts” in Appendix VI;
- (8) the legal opinion issued by AllBright Law Offices (Shenzhen), our PRC Legal Advisor, in respect of certain general corporate matters and our Group’s business operations in the PRC;
- (9) the legal memorandum issued by Commerce & Finance Law Offices, our International Sanctions Advisor;
- (10) the PRC Company Law and the Trial Administrative Measures together with their unofficial English translations; and
- (11) the industry report issued by Frost & Sullivan.