OVERVIEW

Who we are

We are a prominent provider of spatial positioning services in China, headquartered in Shenzhen, offering chips, modules and related solutions that support major GNSS, including BeiDou, GPS, GLONASS, Galileo, QZSS, and NavIC. We apply dual-frequency high-precision positioning technology at the chip level(1), which enables our products to receive and process signals from multiple frequency bands to achieve higher accuracy and stronger resistance to signal interference. Our strengths also lie in low-power solutions and highly integrated SoC design technology, giving us a significant competitive edge in the industry. In 2025, our shipments of GNSS dedicated chips and modules reached 32.1 million units, and according to the CIC Report, we are the fifth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all Chinese Mainland companies in terms of shipment volume of GNSS chips and modules, with a global market share of 7.4%. In terms of revenue, we ranked seventh globally and second among Chinese Mainland companies in the dedicated GNSS chips and modules market (i.e., excluding integrated GNSS chips and modules) in 2025, with a market share of approximately 1.8%, according to CIC. The dedicated GNSS chips and modules market accounted for 27.1% of the GNSS chips and modules market, which accounted for 2.1% of the overall GNSS spatial positioning services market in terms of revenue in 2025, according to CIC.

We offer a comprehensive portfolio of (i) self-developed GNSS chips, modules, and related solutions tailored to a diverse range of applications, (ii) comprehensive chip and module products sourced from third-parties, including a broad product portfolio of communication and memory products that are essential to a wide variety of electronic equipment. For details of the application scenarios of such products and solutions, see "— Our Products and Solutions." Our core products include standard precision and high-precision chips and modules, and BeiDou short message communication chips applied in the fields of transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring). Our GNSS chips, modules and related solutions enable precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications.

With a strong commitment to innovation, we invest significantly in research and development (R&D) to maintain our competitive edge. Our R&D team specializes in GNSS technology, focusing on high-integration SoC chip design, dual-frequency high-precision positioning technology at the chip level, ultra-low power consumption technology and multi-source fusion navigation(1). We are among the

Notes:

(1) Chip-level dual-frequency high-precision positioning refers to a single IC that can simultaneously receive and process two GNSS frequency bands (for example, GPS L1/L5 or BeiDou B1C/B2a). By combining two frequencies through ionosphere-free combinations, the chip can significantly mitigate first-order ionospheric delays, thereby reducing positioning errors compared with single-frequency systems and achieving sub-meter or even higher precision. Such chips are often integrated with inertial sensors (such as accelerometers, gyroscopes and barometers), and through advanced sensor fusion algorithms, can perform short-term dead reckoning in GNSS-constrained environments (such as tunnels or urban canyons) to maintain continuous and stable navigation output.

Notes:

(1) Multi-source fusion navigation refers to the joint estimation of information from multiple complementary sensors, such as GNSS, inertial measurement units ("**IMU**"), vision systems, odometers and barometers, to obtain more robust and accurate pose (position, velocity and attitude) and trajectory than any single source can provide. In GNSS-constrained or denied environments (such as indoors, urban canyons, tunnels or under strong interference/obstruction), the system relies on IMU, vision and odometry inputs to achieve short-term continuous navigation and suppress drift. This is a core technology for navigation in smartphones, smartwatches, autonomous driving, drones and robotics.

(2) Single-chip multi-frequency positioning refers to a SoC that integrates multi-frequency RF reception, multi-frequency multi-constellation digital baseband processing, processor, memory and peripheral interfaces, enabling the reception, demodulation and processing of signals from multiple constellations (including BeiDou, GPS, GLONASS and Galileo) across multiple frequency bands (for example, GPS L1/L5 or BeiDou B1C/B2a). This architecture reduces size, BOM costs and power consumption, while improving ionospheric error mitigation through multi-constellation and multi-frequency observations. It is suitable for mass-market applications such as smartphones, intelligent driving, in-vehicle navigation and personal trackers. By supporting algorithms such as RTK, these chips are capable of achieving centimeter-level accuracy.

early developer and adopters of key technologies, including single-chip multi-frequency positioning[(2)], dynamic anti-interference filtering[(3)], and ultra-low power consumption solutions. Our chips support a wide range of satellite systems, including BeiDou, GPS, GLONASS, Galileo, QZSS, and NavIC, ensuring coverage and accuracy.

We have demonstrated financial growth, driven by expanding market demand for high-precision navigation. Our revenue increased significantly from RMB645.1 million in 2023 to RMB840.3 million in 2024, and further increased to RMB1,014.2 million in 2025. Our R&D investments have remained a significant portion of our total expenses, underscoring our long-term commitment to technological advancement. As we continue to scale our business and improve cost efficiencies, we anticipate further revenue growth and a path toward sustained profitability in the coming years.

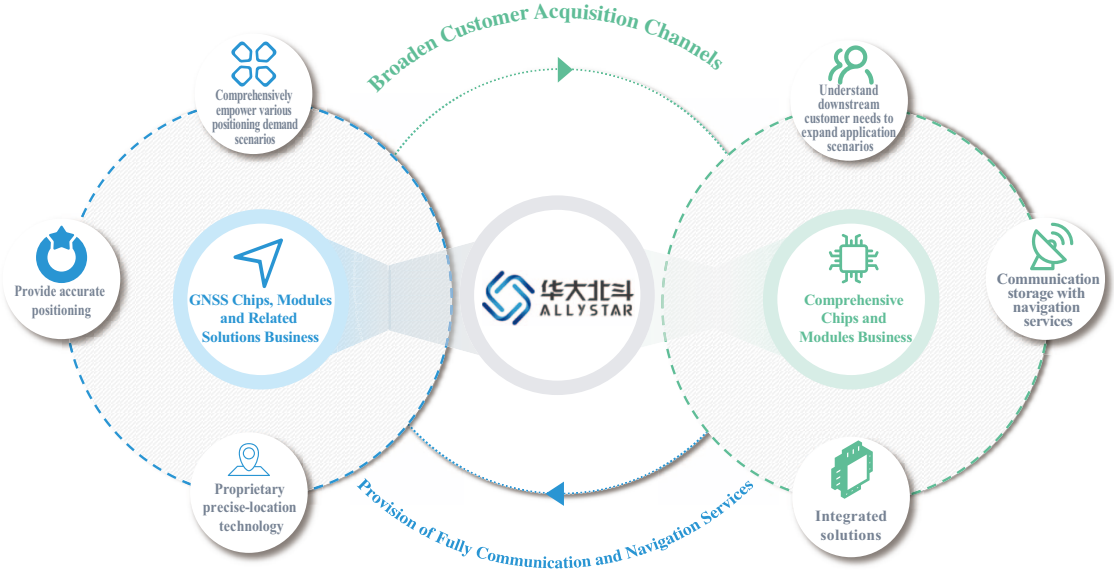
OUR BUSINESS MODEL

Our business lines primarily consist of: (i) GNSS chips, modules and related solutions business, and (ii) comprehensive chips and modules business. See "Business — Our Products and Solutions."

Our business model is built on an integrated approach where our two business lines complement each other. We prioritize the design and sale of GNSS chips, modules and related solutions, while also offering a range of third-party chip solutions, such as communication and storage chips and modules, to meet the needs of downstream integrators and solution providers as per their requests. The comprehensive chip and module business is a strategic extension of our navigation and positioning business. Through these complementary offerings, we are able to serve our customers' comprehensive needs for GNSS and other types of chips and modules relevant to their businesses, thereby creating long-term engagement opportunities that ultimately drive the growth of our core business. This strategy allows us to establish deep customer relationships and build a supply chain foundation, paving the way for expanded adoption of our core navigation and positioning products as well as meeting different demands of our downstream customers.

Synergies Between Business Lines

We operate our two business lines in a synergistic manner:



(3) Dynamic anti-interference filtering is an adaptive signal processing technique designed for GNSS and communication receivers. The system continuously monitors and identifies interference and dynamically adjusts filtering parameters and strategies as needed, such as loop bandwidth adaptation, notch depth and center frequency adjustments, and time frequency masking or filtering, to effectively suppress or eliminate interference. The objective is to maintain an appropriate balance among signal quality, positioning integrity and power consumption in dynamically changing electromagnetic environments.

- Our GNSS chips, modules and related solutions business and comprehensive chips and modules business share certain common downstream customers, such as Internet companies, communication equipment integrators, IoT companies, as well as manufacturers of mobile phones, automobile, modules and trackers. The customers often need a variety of chips and modules with functions of communications and storage. The third-party products we sold are mainly communication chips and modules, storage chips and modules, and RF chips, which complement our own GNSS chips, modules and related solutions and help better meet customers' comprehensive needs.
- While the customer overlap between our GNSS chips, modules and related solutions business and our comprehensive chips and modules business is limited, it nevertheless provides certain opportunities to introduce products across business segments and to support the sales of both our self-developed GNSS chips, modules and related solutions and the third-party chips and modules we distribute. This overlap also allows us to gain additional insight into downstream market demand for GNSS chips and modules and other types of chips and modules we sell.
- GNSS chips provide precise location, while communication and RF chips enable seamless data transmission and connectivity, essential for modern applications like IoT, autonomous vehicles, drones, and smart devices. Storage modules further enhance these capabilities by ensuring rapid data processing and retention. Our products enable our customers to combine accurate positioning with reliable communication, addressing the growing demand for integrated systems in industries like transportation and consumer electronics. This strategic alignment provides us a potential to provide comprehensive, high-performance solutions for the convergence of navigation and communication technologies.

Our Business Development

Our GNSS chips and modules business commenced in 2017 following the acquisition of the navigation chips business from HED. Since then, we have continuously expanded our product portfolio, improved our technological capabilities, and diversified into distribution and solution businesses to address broader customer needs.

Since 2017, we have achieved a number of key milestones in the development of our GNSS chips and modules. In 2017, we launched our first self-developed chip HD8040 series, marking the start of launching a multi-system, multi-frequency SoC chip supporting BeiDou-3 signals. This was followed by the launch of our HD9310 series in 2019, supporting full-system, multi-frequency RTK centimeter-level high precision, our HD814X series in 2023, featuring dual-core architecture, low power consumption, and high performance, setting new benchmarks in domestic GNSS chip design, our BeiDou short message communication chip HD6180 in September 2025 for mass consumer applications, featuring high performance, low power consumption, and low cost, and completed the R&D of low-cost chips for the next-generation ROM series products (chip products with pre-configured firmware stored in read-only memory) and commenced R&D on emerging ultra-low-power chips. Concurrently, our GNSS modules evolved by leveraging these chips, with an expanding portfolio, including our TAU, DM, GEM series, catering to diverse applications. The market penetration shifted from early adopters like tracking device makers in 2018 to consumer electronics sector in 2019, and further to achieving dominance in the transportation — bike-sharing market in 2021. Subsequently, our GNSS chips and modules business successfully expanded into the intelligent driving sector, securing major clients like Shanghai Automotive. Alongside product innovation, we obtained key qualifications and certifications, including AEC-Q100 and IATF16949 (a quality-management system standard for the automotive industry established by the International Automotive Task Force (IATF)), enabling us to supply automotive-grade products. We have also undertaken major national R&D projects, contributed to the drafting of over 15 national and industry standards.

In terms of business evolution, our initial focus was on the self-development of GNSS chips and modules. As we expanded our customer base, we observed demand for complementary products, such as communication and storage chips. In 2020, we commenced our distribution of comprehensive chips and modules business, which allowed us to provide one-stop procurement services to cater customers'

needs. From 2021 to 2025, our comprehensive chips and modules business line has been characterized by the deliberate expansion of our supplier portfolio and the systematic diversification of our client base. The initial phase (2021-2023) focused on establishing a foundation by onboarding core semiconductor suppliers and securing partnerships with anchor clients in the consumer electronics sector. From 2024 to 2025, our comprehensive chips and modules business expanded its product lines for transportation application scenario and expanded its downstream client base around stable product lines while continuously delivering high-quality services to existing clients to increase its market share.

Subsequently, in 2022, following the acquisition of Medo, we entered the GNSS-related solutions business, extending our product chain from chips and modules to end devices and further expanding into comprehensive solutions. This transformation was supported by optimization of resources, establishment of specialized solution teams, and closer collaboration with industry customers. Since 2022, our GNSS-related solutions business has demonstrated a clear trajectory of product diversification. We launched our universal GNSS receiver M20S in 2022, a new all-in-one high-precision receiver supporting all constellations and frequencies. In 2024, the focus on professional applications intensified with the release of the E50Pro, a professional-grade full-system GNSS receiver. In 2025, we developed M50, a self-powered, ultra-low-power GNSS receiver, demonstrating the capability for independent deployment with low energy consumption in field operations. In addition, in the application field of GNSS-related solutions, we have also developed vehicle monitoring application scenario, in which our GNSS-related solutions enable the monitoring and management of vehicle location and trajectory, security alerts, as well as value-added services. Alongside product innovation, our GNSS-related solution business has secured key geological hazard and water conservancy monitoring projects across Chinese Mainland, while obtaining certificates for our new receiver models and hydrological terminal. Throughout this process, we have remained strategically focused on GNSS core technologies, with comprehensive chips and modules business and GNSS-related solutions business serving as complementary extensions.

Market Opportunities

With advancements in science and technology, navigation and positioning chips and services have emerged as vital components driving the digital economy and intelligent society. Fueled by maturation of navigation and positioning technology alongside the integration of communication and navigation, and supported by advanced technologies such as intelligent driving, IoT, 5G telecommunication, and AI, the application scenarios for GNSS chips and services have expanded significantly. They now encompass a diverse range of fields, including intelligent driving, smart cities, industrial automation, precision agriculture, and low-altitude economy, in addition to consumer electronics (smartphone, IoT and wearable devices) and transportation (bike-sharing and transportation management).

High-precision navigation and positioning are not only essential for realizing the IoT, but also serve as key drivers for industrial upgrading and innovation, creating new opportunities across various sectors. As demand grows in downstream application areas such as consumer electronics (smartphone, IoT and wearable devices) and transportation (transportation management, bike-sharing and intelligent driving), low-altitude economy and precision agriculture, the global GNSS spatial positioning solution industry continues to expand, maintaining a high growth trajectory. Our marketing position and technological advantages position us in a favorable position to capitalize on the above-mentioned market opportunities.

According to the CIC Report, the scale of the global GNSS spatial positioning service market is RMB2,383.0 billion in 2025. From 2021 to 2025, China's GNSS spatial positioning service market expanded from RMB494.9 billion to RMB607.6 billion, achieving a CAGR of 5.3%. Looking ahead, the scale of the global GNSS spatial positioning service market is anticipated to maintain a robust growth trajectory, potentially reaching approximately RMB3,123.0 billion by 2030, with a CAGR of 5.6% from 2025 to 2030. Similarly, China's GNSS spatial positioning service market is projected to approach RMB1,025.4 billion by 2030, with a CAGR of 11.0% from 2025 to 2030. According to the CIC Report, the global GNSS chips and modules market grew from RMB47.7 billion in 2021 to RMB50.0 billion in 2025, representing a CAGR of 1.2%, while China's GNSS chips and modules market increased from RMB10.1 billion in 2021 to RMB12.6 billion in 2025, representing a CAGR of 5.7%. Looking ahead,

the global GNSS chips and modules market is expected to reach approximately RMB61.7 billion by 2030, with a CAGR of 4.3% from 2025 to 2030, while China's GNSS chips and modules market is projected to reach approximately RMB20.4 billion by 2030, with a CAGR of 10.1% from 2025 to 2030.

COMPETITIVE STRENGTHS

A prominent spatial positioning service provider in China offering chips, modules and related solutions that support multiple GNSS

We are a prominent provider of spatial positioning services in China, headquartered in Shenzhen, offering chips, modules and related solutions that support BeiDou and other major GNSS. We apply dual-frequency high-precision positioning technology at the chip level, which enables our products to receive and process signals from multiple frequency bands to achieve higher accuracy and stronger resistance to signal interference. Our strengths also lie in low-power solutions and highly integrated SoC design technology, giving us a significant competitive edge in the industry.

We hold an early mover position in certain niche application areas within the Chinese market. For instance, as of December 31, 2024, our sales volume of GNSS chips applied in transportation — bike-sharing market surpassed 15 million units according our internal sales records. In 2025, our sales volume of these GNSS chips captured over 60% of the total bike sharing market in China, according to the CIC Report. Additionally, we were one of the largest suppliers in China of high-precision navigation chips for applications in weather monitoring as well as transportation vehicles management in 2025, according to the CIC Report. Furthermore, according to the CIC Report and the 2022 *Market Report on Earth Observation and Global Satellite Navigation Systems* published by EUSPA, among the Chinese Mainland companies listed in the consumer GNSS chips and receivers manufacturer ranking table, we are one of the few that is dedicated primarily to the development and sales of GNSS chips and modules mainly comprising satellite navigation and positioning functions.

We have been actively engaged in the GNSS spatial positioning service sector for many years, establishing significant first-mover advantages. We have focused on GNSS chips, continuously advancing core chip design technology. We prioritize high-integration SoC design architecture and innovative concepts utilizing advanced processes, ensuring our chips excel in positioning accuracy, performance, power efficiency, cost-effectiveness, high integration, and miniaturization. We grew out of the navigation chip design division of CEC Huada Electronic Design Co., Ltd. (北京中電華大電子設計有限責任公司) ("**HED**"), a subsidiary of China Electronics Huada Technology Company Limited (中國電子華大科技有限公司) which is a company listed in Hong Kong Stock Exchange (code: 00085), providing us with a solid foundation in baseband and RF integrated design, algorithm research, and product solutions for GNSS chips. According to CIC, the navigation chip design division of HED, successfully mass-produced a baseband and RF-integrated SoC GNSS chip in 2015, marking a significant achievement in the industry. In 2016, we inherited the core technology and R&D team of HED's navigation chip unit, laying a solid foundation for our subsequent development in satellite positioning technologies. We have completed iterative upgrades across four generations. Our more recent HD814X series with advanced processing technology, are now among the advanced in terms of functionality in the industry. These technological upgrades have continuously unlocks new possibilities in domestic GNSS chip development while reducing chip size, power consumption, and cost. Our products have evolved significantly in terms of supported satellite systems and frequency. Our current chips now support a comprehensive multi-satellite system including "BeiDou + GPS + GLONASS + Galileo + QZSS + NavIC" with multi-frequency joint positioning ("**L1, L2, L5, L6**"), continually improving positioning accuracy and overall performance.

Extensive and advanced technologies

As one of the earliest companies to develop BeiDou-compatible navigation and positioning chips, we bring over a decade of expertise across radio frequency ("**RF**"), baseband, anti-interference, low-power, SoC, algorithm, and security technologies. The primary units in our SoC chips are self-developed (excluding IP-licensed components like CPUs), resulting in comprehensive technology that supports dual- and multi-band compatibility, low power consumption, high precision, and compact design. Our GNSS chips and modules are designed and assessed against widely adopted industry benchmarks, with clear and measurable performance indicators that demonstrate our competitiveness. Our products are capable of achieving positioning accuracy ranging from meter-level for consumer applications to centimeter-level for high-precision dynamic scenarios, while also supporting displacement monitoring at millimeter-level in static infrastructure applications. Our products further achieve velocity measurement accuracy of approximately 0.05 m/s, tracking sensitivity of up to –166 dBm, and working power consumption of no more than 24 mW, each of which is above the prevailing industry average, according to CIC. Leveraging our proprietary SoC architecture, we integrate RF front-end, baseband processor, positioning algorithms and other functional modules into a single chip, which enhances integration, reduces size, lowers power consumption, and improves cost efficiency compared with less integrated alternatives.

Our navigation and positioning chip embodies the following core technologies, establishing a strong competitive edge within the industry.

- ***Single-chip multi-system multi-frequency joint positioning technology***: Through a highly integrated single architecture that combines RF and baseband, we have achieved multi-system, multi-frequency joint positioning — capabilities typically only available at the board level — on a single chip. This chip supports multi-frequency joint positioning across "L1, L2, L5, L6" frequencies within the multi-satellite systems of "BeiDou + GPS + GLONASS + Galileo + QZSS + NavIC." As a result, our product consistently delivers enhanced positioning accuracy and performance.
- ***On-chip multi-source fusion high-precision satellite navigation and inertial navigation deep coupling combined positioning technology***: Our chip integrates advanced algorithms, including an embedded inertial navigation system (INS) with deep coupling combined filters, multi-source sensor tracking loop assistance, anti-multipath techniques, carrier hop detection, and data satellite selection preprocessing. It can also accept additional information from sources such as barometers and wheel speed sensors. The tracking loop employs a deep coupling design for INS/GNSS based on vector tracking, significantly enhancing overall positioning performance.
- ***Dynamic adaptive anti-interference technology***: Satellite signals are inherently weak by the time they reach the ground and are susceptible to interference. To address this issue, we employ frequency domain interference detection combined with multi-channel adaptive digital notch filter technology. This approach enables real-time detection of interference signal frequencies within the receiver's received signals. The system automatically adjusts the notch filter parameters to effectively filter out interference, thereby minimizing its impact on the navigation baseband and ensuring robust anti-interference capabilities for the chip.
- ***Ultra-low power design technology***: We employ a single-channel multi-frequency broadband RF receiving architecture along with dynamic voltage and frequency adjustment technology. Our design features a multi-power domain approach and integrates a DC-DC power supply within the system-on-chip (SoC) to optimize power consumption. Key elements of our strategy include an extremely low standby power consumption design. This significantly reduces overall chip power consumption, thereby maximizing both the standby and operational time for chip-level terminals.
- ***On-chip embedded high-precision positioning algorithm technology***: We employ an on-chip embedded algorithm architecture that integrates algorithms directly with the chip. Despite constraints in chip storage capacity and processor operating frequency, this architecture

enables us to achieve multi-system, multi-frequency joint positioning, as well as ground-based and satellite-based high-precision augmentation, all at optimal cost. Our positioning accuracy can reach decimeters, centimeters, and even millimeters.

- ***"Source-level" location information security encryption technology***: We have integrated a hardware encryption unit within our chip products, enabling "source-level" encryption of location information output. This functionality significantly reduces security risks associated with the theft and tampering of location data during transmission, providing essential security support for industry applications reliant on location information.
- ***Unique Two-Way Short Message Communication Capability:*** Our BeiDou short message chip integrates baseband, RF, LNA, and Pre-PA components, offering high communication reliability, global coverage, point-to-point two-way information exchange, rapid response capabilities, robust anti-interference performance, and cost-effective networking solutions. The chip ensures smooth and stable communication even under extreme weather conditions by utilizing S/L-band satellite transmission rather than relying on ground communication networks. Additionally, its point-to-point two-way information exchange enables users to determine their own location while sharing their position with others, offering significant utility for various platform applications, particularly in emergency rescue, transportation coordination, and disaster area search-and-rescue operations. Notably, the chip supports short messages with a maximum length of 14,000 bits, equivalent to approximately 1,000 Chinese characters.

Our GNSS chips operate by receiving weak satellite signals through the RF front-end, converting them into usable data in the baseband unit, and then applying embedded algorithms to calculate accurate position, speed, and time information. Hardware, software and algorithms interact seamlessly: the hardware ensures reliable signal reception, the software manages system operation, and the algorithms refine the output for higher accuracy and efficiency. This integration allows our products to perform positioning, navigation and monitoring functions across different application scenarios.

Our technological capabilities stem from a robust R&D team with deep expertise in the field. We inherited the technical achievements of HED's navigation chip team and gained access to a core group of experts in this field after our acquisition of assets related to the navigation chip business of HED in 2017. HED possesses significant advantages in technology and cost-effectiveness for SoC low-power chip design. Our R&D team including Mr. Hau Ka Wai, who has over 18 years of working experience, specializes in BeiDou satellite navigation and positioning, and brings industry experience in chip design and development, further strengthening our capabilities.

We regard our patents, trademarks, trade secrets and other intellectual property rights as critical to our business operations. As of Latest Practicable Date, we held 60 invention patents, 149 utility model patents, 12 design patents, 21 layout design of IC, 86 trademarks, 250 software copyrights and one work copyright in the PRC. We have undertaken or participated in seven national key science and technology projects, as well as nine provincial and municipal key R&D initiatives. We place a strong emphasis on continuous R&D, with R&D personnel comprising over 40% of our total workforce as of December 31, 2025. In 2023, 2024 and 2025, we spent RMB109.8 million, RMB118.1 million and RMB93.7 million in R&D, which accounted for more than 39.0% of our total expenses during those years. We expect to maintain this level of investment of R&D in the foreseeable future.

We have established the Workstation of Academician Sun Jiadong, who is a renowned expert in satellites and widely regarded as China's "Father of Satellites." Mr. Sun Jiadong served as the chief designer for China's lunar exploration project and the chief designer for both the first and second generations of the BeiDou navigation system. His accolades include the Medal of the Republic in 2019, the Two Bombs and One Satellite Medal of Merit in 1999, and the National Highest Science and Technology Award in 2009. This workstation helps guide our chip design and system architecture design and facilitates communications in R&D community. Additionally, we have also established a range of innovative research platforms, including the China Unicom 5G+ BeiDou High-Precision Positioning Open Laboratory, the Guangdong BeiDou Satellite Navigation and Positioning Technology Engineering Research Center, the Shenzhen BeiDou Satellite Navigation Chip Design Engineering

Technology Research Center, and the Internet of Things Research Center under the National Engineering Research Center for E-commerce and Electronic Payment. Leveraging these diverse platforms for industry-university-research collaboration enables us to integrate R&D resources across the industrial chain, advancing the technical capabilities of domestic BeiDou chips and providing a valuable training ground for scientific and technological talent.

Comprehensive product portfolio with integrated software and hardware solutions

We offer a comprehensive product portfolio that includes GNSS chips, modules and related solutions, spanning transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring) fields. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components. Our modules are designed as ready-to-use products that can be easily embedded into customers' end devices. By providing standardized interfaces and pre-integrated components, they reduce the workload required of customers in peripheral circuit design, testing, and system integration, which shortens their product development cycle and lowers technical barriers. Customers can directly use our modules to obtain positioning data without needing to perform complex chip-level development, enabling faster product prototyping and time-to-market. The high positioning accuracy, performance, power efficiency, cost-effectiveness, high integration and miniaturization of our chips and modules enable us to price our products with a premium.

Our first chip HD8040 after the establishment of our Company was launched in 2017, which achieved the milestone of mass-producing the world's first multi-system, multi-frequency and high-precision navigation and positioning SoC chip BeiDou-3 system signals. With commitment to innovation, we have successively launched our HD9310 series chips, which support multi-frequency, full-system RTK centimeter-level high precision, and our latest generation of dual-core architecture, high-performance, low-power HD814X series chip, establishing new standards in domestic GNSS chips. Our range of positioning and monitoring equipment includes GNSS terminals and front-end data acquisition systems, which serve critical applications in geological disaster monitoring, mine surveillance, water conservancy, hydropower, vehicle monitoring. See "— Our Products and Solutions — Products in Our GNSS Chips, Modules and Related Solutions Business."

Our software algorithms are coordinated with proprietary hardware designs. Using comprehensive software and hardware development tools, our algorithms are optimized to leverage hardware potential for high performance. Our engineers are responsible for overseeing product process design, overall architecture, and integrated SoC design, analog and digital circuit design, simulation and test validation, completing the layout, and developing navigation and positioning algorithms and embedded solutions. This integrated development approach enables us to deliver efficient, powerful and responsive solutions. To address diverse downstream application scenarios, we provide an extensive range of algorithms, from standard precision and high precision to multi-source fusion, such as satellite and inertial navigation algorithms. Our core technologies include embedded centimeter-level high-precision algorithms, integrated navigation and positioning algorithms, and multipath signal suppression algorithms, which are among the industry's best. We are also among the early participants in applying machine learning to inertial navigation algorithm development, enabling highly accurate indoor positioning for consumer electronics — wearable devices. We have built a comprehensive GNSS chip design platform integrating advanced chip design software, IP modules and design functionalities, with a focus on designing navigation and positioning chips. For details, see "— Design and R&D — Our GNSS Chip Design Platform."

Diversified application scenarios and strong commercialization capabilities

Our products and solutions encompass a diverse array of application scenarios. Our chips, modules and GNSS-related solutions primarily target terminal applications in transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring) fields, with downstream customers mainly consisting of navigation and positioning terminal equipment integrators engaged in those industries, and companies focused on

location service applications in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, vehicle monitoring and others sectors. For details, see "— Our Products and Solutions — Application Fields of Our Products and Solutions."

Our navigation and positioning solutions have successfully established application coverage across various scenarios, complemented by diverse monetization channels. For instance, SAIC Group has been using our high-precision navigation and positioning chips since 2021. Our retention and repurchase rates with our key customers average approximately three to four years of continuous partnership, which is a testament to the strength and longevity of our relationships. This success is primarily attributed to our robust commercialization capabilities and well-developed business model. For details of our business model, see "— Our Business Processes." In alignment with our business strategy, our R&D department is equipped to customize and develop new products tailored to the diverse needs of our downstream applications. We maintain long-term partnerships with leading foundries, ensuring a strong production capacity guarantee. On the marketing front, we employ a hybrid approach that combines distribution and direct sales. See "— Sales, Marketing and Distribution of Our Products." Our mature business model instills customer confidence and positions us to capitalize on emerging market opportunities.

Management team and strong support from star shareholders

We have a forward-looking management team, led by Mr. Sun Zhongliang, chairman of our Board, executive Director and president of our Company. As one of the leading individuals in the GNSS spatial positioning service industry, Mr. Sun Zhongliang possesses exceptional management skills and rich experience in GNSS spatial positioning solution industry and other relevant industries, guiding us through innovation and toward successful commercialization. He holds an executive master's degree in business administration from Peking University and has previously worked at prestigious institutions, including the Tsinghua Tongfang Co., Ltd. and the HED.

Additionally, Mr. Sun is currently serving as the vice president of the China Satellite Navigation and Positioning Association and the vice chairman of the Central Enterprise BeiDou Industry Collaborative Development Platform. During his tenure at HED and our Company, he oversaw the development of China's first mass-produced 55 nm RF and baseband integrated BeiDou multi-mode positioning and timing SoC chip. He subsequently led the team that developed and mass-produced the world's first multi-system, multi-frequency, high-precision navigation and positioning SoC chip supporting the BeiDou-3 signal system, as well as the launch of China's first "BeiDou Chip Open Platform."

Our team comprises employees across various functions, including R&D design, marketing, and service support. They are deeply committed to the company's mission and vision, embodying a culture that aligns closely with our core values. From the outset, we have enjoyed robust support from prominent shareholders. In the early and mid-stages, significant industrial investors such as SAIC Motor Corporation Limited (上海汽車集團股份有限公司), BYD, Jiangling Motors Group Co., Ltd (江鈴汽車集團有限公司), RBCV, Zhuhai Gree VC, TCL Technology and AVIC Industry made strategic investments, reflecting their confidence in our technology and commercialization potential.

DEVELOPMENT STRATEGIES

Strengthen the integration of navigation and communication technologies and actively develop new technologies

We will further enhance our existing navigation and communication technologies, such as RTK positioning and Precise Point Positioning (PPP), to provide our high-precision navigation chips with stronger positioning capabilities and improved reliability. Recognizing the importance of integrated development in future spatial positioning, we will align our efforts with the evolving industrial landscape by strengthening the synergy between communication and navigation technologies, ultimately creating integrated solutions that combine time and space. For instance, with the development of low-orbit satellite navigation and positioning enhancement technology and low-orbit satellite communication technology, we will also continue to further develop communication and positioning fusion chip and module products in the direction of integration of satellite navigation and satellite

communication and will continue to strengthen the R&D and industrialization promotion of "BeiDou high-precision positioning + BeiDou short message" fusion chip and module products, as well as expand their applications across mobile communication networks, the IoT, vehicle connectivity, and emergency communications.

Enrich downstream application scenarios and expand customer base

In our existing downstream application scenarios, we leverage our established position and extensive expertise to strengthen partnerships with renowned customers, deepen our relationships, and expand our cooperative ecosystem. Our current downstream customers includes bike-sharing companies such as Meituan, Hellobike and DiDi Bike, well-known automotive manufacturers like SAIC, leading IoT solution providers, and government agencies in the weather monitoring field, among others.

Focusing on customer needs is vital for maintaining long-term relationships. We actively obtain feedback from these high-quality clients and optimize our products and services to meet their diverse requirements, thereby enhancing customer loyalty. In response to evolving market trends, we will also explore new application scenarios for spatial positioning solutions and expand our cooperation ecosystems with customers. For instance, several of our high-precision positioning chip products are highly competitive and can be effectively utilized in trunk logistics, fisheries, ship navigation, and other fields. We are committed to aligning the development trajectory of our products with the downstream application scenarios of our customers, creating value for them while broadening our customer base and diversifying our revenue streams.

We also plan to actively explore the emerging opportunities in the low-altitude economy, particularly in sectors such as unmanned aerial vehicles ("**UAVs**") and electric vertical take-off and landing ("**eVTOL**") aircraft. With advancements in satellite positioning and navigation technologies, these applications are expected to experience significant growth over the next few years. According to the CIC Report, the market size of China's low-altitude economy is projected to reach approximately RMB1.5 trillion by 2025 and further reach approximately RMB3.0 trillion by 2030. Our high-precision GNSS chips and modules can provide critical navigation solutions for UAVs and eVTOL systems, ensuring real-time, high-accuracy positioning in complex airspace environments. By expanding our presence in this sector, we aim to establish strategic partnerships with key players in the urban air mobility ecosystem, contributing to the advancement of intelligent aerial transportation and logistics.

Upgrade integrated GNSS chip products and improve hardware and underlying algorithms

With the rise of various mobile, wearable, and IoT devices, there is a growing demand for miniaturization and cost-effectiveness in terminal design, which imposes higher requirements on GNSS chip development. At the hardware level, we are dedicated to enhancing the integration of RF baseband integrated SoC chips by minimizing external components, reducing chip size and lowering chip power consumption. This approach allows our chips to be suitable for a wider range of compact terminals, improving performance while simultaneously lowering costs and power consumption for our downstream customers across various applications.

At the algorithmic level, we align with industry trends by leveraging AI to optimize high-precision positioning algorithms, enhancing both anti-interference capabilities and adaptability to extreme environments. In particular, we have applied machine learning techniques in areas such as signal denoising, multipath interference identification, and adaptive filtering, which help improve positioning accuracy in complex environments. We also use AI-based tools in the R&D process to automate algorithm testing and parameter optimization, thereby improving development efficiency. Certain AI-enhanced algorithms have already been embedded in some of our GNSS chips and modules, enabling them to deliver more accurate and reliable performance. Our products will continue to utilize embedded integrated algorithm design technology, seamlessly merging algorithms with chips to achieve ground-based and satellite-based high-precision positioning at optimal costs. This integration of advanced hardware and algorithms will further establish industry barriers.

Explore international markets prudently in response to emerging opportunities

Global navigation satellite systems, including GPS, Galileo, GLONASS and BeiDou, have continued to expand their service capabilities worldwide, offering positioning, navigation timing, short-message communication and search-and-rescue functions for a broad range of international applications. As global GNSS services, such as satellite-based augmentation, ground-based augmentation and precise single-point positioning, continue to extend internationally, increasing opportunities may emerge for our potential overseas market expansion. In comparison to foreign counterparts, our GNSS chips boast advantages such as high accuracy, low power consumption, compact size, and cost-effectiveness. These features will facilitate our entry into markets in Southeast Asia, the Middle East, Europe, and beyond.

Additionally, we plan to deeply integrate our products with international navigation systems. For instance, by employing flexible and configurable digital baseband technology, we can select the required supported signals through software control, ensuring our products are compatible with all satellite system signals. This adaptability may enable us to attract a diverse range of potential customers in international markets, increase our market share, and position ourselves as a major Chinese company in the realm of high-precision navigation. We anticipate that our products may be used in in-vehicle and IoT industries in the overseas markets, and we aim to provide GNSS-related solutions to foreign companies.

Seek high-quality acquisition targets and integrate the industrial chain vertically

As our business continues to develop, we aim to seek strategic investments and timely acquisitions of high-quality targets to vertically integrate the industry chain and enhance our technical capabilities and operational efficiency. When evaluating potential targets for investment and acquisition, we focus on factors such as their technical expertise, team composition, and financial health. Our primary interest lies in companies that possess unique advantages or differentiation in technical solutions companies that can help expand our access to innovative GNSS chip design and development technology, algorithm technology, multi-source fusion positioning technology, and cross-field chip product companies. It could better support our strategy of centering around GNSS chip to realize the satellite communications, inertial navigation and other technology fusion and application expansion. Through these strategic investments and acquisitions, we will efficiently expand our technology portfolio, improve product quality, broaden our business areas, and access new markets, thereby accelerating our revenue growth. For more details, see "Future Plans and **[REDACTED]** — **[REDACTED]**."

OUR PRODUCTS AND SOLUTIONS

Overview

We mainly offer a portfolio of (i) GNSS chips and modules, as well as GNSS-related solutions in our GNSS chips, modules and related solutions business, and (ii) communication chips and modules, storage chips and modules, RF chips and certain other electronic components in our comprehensive chips and modules business during the Track Record Period.

Products in Our GNSS Chips, Modules and Related Solutions Business

We have built up a broad product portfolio spanning transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring), supported by a comprehensive chip lineup.

Our GNSS chips, modules and related solutions differ in their functions, features and levels of standardization. GNSS chips are the core components that receive and process satellite signals and provide positioning, navigation and timing functions. GNSS modules are standardized products built upon GNSS chips, supplemented by peripheral components and integrated with supporting circuits, enabling easier integration into different type of devices. GNSS-related solutions are customized offerings that combine terminal devices and software platforms to address specific industry applications, such as deformation monitoring. While chips and modules are generally standardized and delivered in large volumes, solutions require a higher degree of customization, to meet customers' diverse requirements for appearance, functionality, interfaces, and other aspects. We also provide a small amount of other electronic components, such as wafer, antennas, and evaluation kit boards, and occasionally provide GNSS technology services to other companies.

Our GNSS Chips and Modules

Our self-developed GNSS chips and modules feature low power consumption, high precision, and high integration capabilities, which enables our downstream customers to develop various products that are low-cost, small, easy to install, and can be widely applied in various scenarios. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components, a type of filter. Our primary GNSS chips and modules can be divided into three categories, including (i) standard precision products, (ii) high precision products, and (iii) BeiDou short message products.

The following table sets forth our main GNSS chip and module products, as well as their features and applications.

Product Categories	Product Pictures	Features	Potential Applications
Chips			
Standard precision[1] chips	HD802X Series 	• Supports BeiDou satellite navigation and positioning system, multi-mode GNSS satellite signal reception, and A-GNSS assisted positioning; supports interference detection and dynamic filtering, and intelligent power management.	Consumer electronics (smartphone, IoT and wearable devices)
	HD812X Series 	• Supports single-frequency multi-system GNSS reception; supports interference detection and dynamic filtering, intelligent power management, and a wide voltage range; adopts advanced low-power design and has excellent battery life.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)
High precision[2] chips	HD814X Series 	• Supports all frequency band signals of BDS, GPS, Galileo, GLONASS, QZSS and SBAS, and also supports BeiDou-3 system, featuring built-in engines for PVT, RTD and RTK. It offers four low-power modes, ensuring excellent endurance. The device can track up to 128 GNSS channels simultaneously, with a position update rate of up to 10 Hz, refreshing the position ten times per second. Additionally, it can connect to multiple sensors for multi-source data fusion and supports intelligent interference detection and dynamic interference filtering.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring)
	HD804X Series 	• The SoC chips of the new-generation BeiDou-3 signal system are compatible with all global civilian navigation systems. Based on the Cynosure III architecture, the chip adopts multi-frequency, multi-system differential technology, which can achieve sub-meter positioning accuracy even without ground-based or satellite-based augmentation. Equipped with a built-in national secret SM4 algorithm, an advanced encryption standard (AES) algorithm, and an American DES algorithm data encryption unit, these chips ensure secure data transmission. Additionally, these chips also have built-in ARM Cortex-M4F processors and high-speed cache controllers, and have successfully passed AEC-Q100 automotive certification.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)

Product Categories	Product Pictures	Features	Potential Applications
	HD951X Series 	• Equipped with the Cynosure IV engine, the chip has a built-in dual-core processor and integrates a multi-frequency, multi-system GNSS RF baseband; it outputs pseudo-random code and carrier phase measurement in RTCM-compliant format by default. The combination of RTK technology and CORS calibration data provides centimeter-level positioning accuracy for high-precision applications, with low cost and low power consumption.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)
	HD94XX Series 	• HD9400 is a highly integrated BDS receiver chip that supports the BeiDou navigation satellite system and the BeiDou III signaling system. Based on the CYNOSURE III architecture, this chip integrates a BDS dual-channel RF and baseband engine, along with a high-performance ARM Cortex-M4F core and multiple peripherals. This new design architecture enables HD9400 to achieve sub-meter positioning accuracy without correction data from ground augmentation stations. Additionally, this chip features enhanced sensitivity, superior anti-interference and anti-multipath effects, ensuring highly stable timing performance in challenging environments.	Consumer electronics - IoT
Modules			
Standard precision[(1)] modules	TAU11 Series 	• TAU1111 is a cost-effective multi-system GNSS positioning module, equipped with our GNSS SoC chip, which supports the new generation of BeiDou III signaling system, and at the same time, supports the world's mainstream civil navigation satellite systems (including BDS, GPS, GLONASS, Galileo, and QZSS). TAU1111 integrates a highly efficient power management architecture and provides a high-precision, high-sensitivity, and low-power GNSS solution that can be widely used in consumer electronics, automotive navigation, and in-vehicle surveillance applications.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)

Product Categories	Product Pictures	Features	Potential Applications
		• TAU1111A is an automotive-grade navigation and positioning module designed based on our GNSS SoC chip, which supports the reception of L1 frequency signals from GPS, BDS, GLONASS, Galileo, and QZSS satellite systems. TAU1111A integrates a highly efficient power management architecture to provide a GNSS solution with higher accuracy, higher sensitivity, and lower power consumption, which is able to adapt to the harsh operating environment of high temperature and strong electromagnetic interference in the car, and meet the application requirements of automobile manufacturers.	
		• TAU1113 is a low-cost, cost-effective dual-mode positioning module, equipped with our GNSS SoC chip, which supports the reception of satellite signals such as BDS B1I, B1C, GPS L1, etc. TAU1113 is small in size, highly integrated and easy to apply, which is very suitable for cost-critical GNSS scale applications.	
		• TAU1114 is a low-cost, cost-effective dual-mode positioning module, equipped with our GNSS SoC chip, which supports receiving satellite signals such as BDSB1 (B1I, B1C), GPS L1, etc. TAU1114 is small in size, highly integrated and easy to apply, which is very suitable for cost-critical GNSS scale applications.	
		• TAU1116 is a GNSS single-frequency multi-mode high-precision positioning and orientation module, equipped with two GNSS SoC chips independently developed by us, which support the reception of BDS and GPS satellite signals. TAU1116 is embedded with a 6-axis IMU, which outputs a complete three-dimensional attitude. The module is characterized by high performance, low cost, small size, high integration and easy to apply, which is suitable for the scale application of products with GNSS positioning and orientation requirements.	
High precision[(2)] modules	TAU804M	• TAU804M is a special product for BeiDou combined navigation and positioning developed based on our GNSS SoC chip, which only receives BeiDou navigation satellite signals (including BeiDou II and BeiDou III), and is a single-frequency and dual-frequency standard precision module respectively. The module integrates 3-axis accelerometer and 3-axis gyroscope, and also supports other sensor access for multi-source information fusion, combining BeiDou positioning technology and inertial navigation technology, which can still continuously output positioning data under the environment of poor quality or even loss of BeiDou signals, and provide continuous and accurate positioning services for navigation and positioning applications.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)

Product Categories	Product Pictures	Features	Potential Applications
TAU12 Series		• TAU1201 is a high-performance dual-frequency GNSS positioning module equipped with our GNSS SoC chip, which supports the new generation of Beidou III signaling system, and at the same time, supports all the world's civil navigation satellite systems, including BDS, GPS, GLONASS, Galileo, NavIC and QZSS, and mainstream SBAS (WAAS, EGNOS, GAGAN and MSAS). TAU1201 integrates a highly efficient power management architecture to provide a highly accurate, sensitive and low-power solution for GNSS navigation applications.	
		• TAU1201A is an automotive-grade GNSS navigation and positioning module based on our GNSS SoC chip, which supports the reception of L1 and L5 frequency signals from BDS, GPS, GLONASS, Galileo, and QZSS satellite systems. TAU1201A integrates a highly efficient power management architecture to provide a GNSS solution with higher accuracy, higher sensitivity, and lower power consumption, which is able to adapt to harsh operating environments such as high temperatures and high electromagnetic interference in the vehicle, and meets the application requirements of automotive manufacturers.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)
		• TAU1202 is a high-performance dual-frequency GNSS positioning module equipped with our GNSS SoC chip, which supports the new generation of BeiDou III signaling system, and at the same time, it supports all the world's civil navigation satellite systems, including BDS, GPS, GLONASS, Galileo, NavIC and QZSS, and mainstream SBAS (WAAS, EGNOS, GAGAN and MSAS). TAU1202 integrates a highly efficient power management architecture and provides a high-precision, high-sensitivity, and low-power GNSS solution that can be widely used in consumer electronics, automotive navigation, and in-vehicle surveillance applications.	
TAU21 Series		• TAU2102 is a combined navigation and positioning module designed based on our GNSS SoC chip, which supports receiving GPS, BDS, and QZSS satellite signals. Combining GNSS positioning technology and inertial navigation technology, TAU2102 can still output positioning data under poor GNSS signal quality or even loss of environment, providing continuous and accurate positioning service for navigation and positioning applications. TAU2102 integrates 3-axis accelerometer and 3-axis gyroscope, and at the same time supports other sensors for multi-source information fusion. With its excellent positioning effect, the module is suitable for inertial navigation, UAV, motorcycle and other applications.	Transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices)

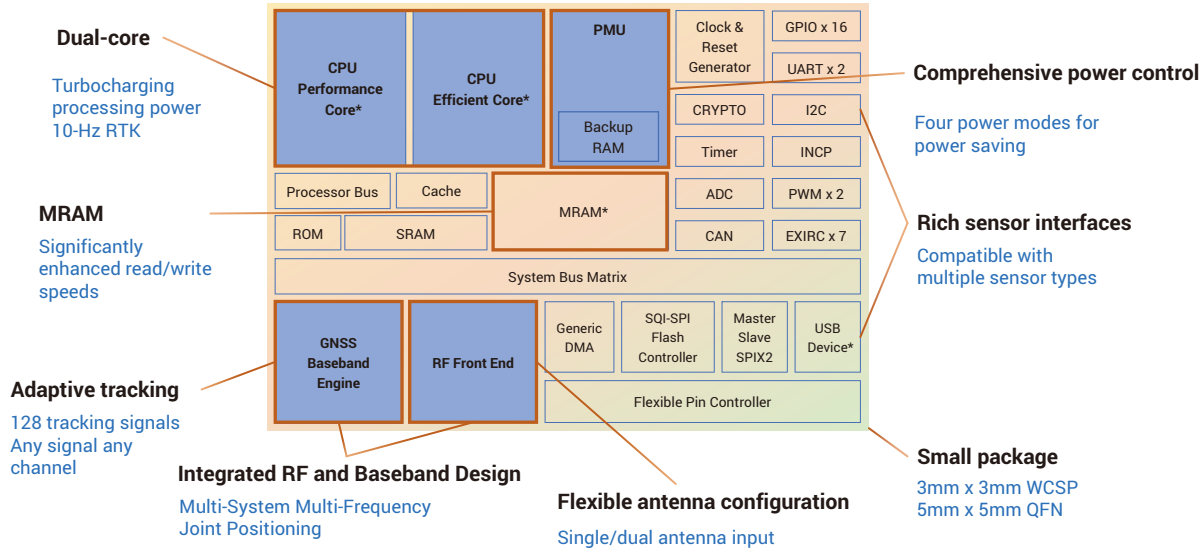
Product Categories	Product Pictures	Features	Potential Applications
		• TAU2102A is a single-frequency automotive-grade combined navigation and positioning module based on our GNSS SoC chip, which supports the reception of GPS, BDS and QZSS satellite signals. Combining GNSS positioning technology and inertial navigation technology, TAU2102A can continuously output positioning data in environments with poor quality or even loss of GNSS signals, providing continuous and accurate positioning services for navigation and positioning applications. TAU2102A integrates 3-axis accelerometer and 3-axis gyroscope, and at the same time supports other sensors for multi-source information fusion. Thanks to its excellent positioning effect, TAU2102A is able to adapt to the high temperature, strong electromagnetic interference and other harsh working environments in the car to meet the application requirements of automobile manufacturers.	
TAU13 Series		• TAU1302 is a high-performance multi-system dual-frequency raw observation positioning module, equipped with our GNSS SoC chip. The module supports the new generation of BeiDou III signaling system, and all the global civil navigation satellite systems (including BDS, GPS, GLONASS, Galileo, and QZSS). TAU1302 integrates a highly efficient power management architecture, which provides a high-precision, high-sensitivity, and low-power solution for GNSS navigation applications, and it is widely used in precision agriculture, engineering surveying and mapping, deformation monitoring, unmanned aerial vehicles, and other high-precision applications.	Consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring)

Notes:

(1) Standard precision means satellite positioning accuracy at approximately meter-level (within one to several meters).

(2) High precision means satellite positioning accuracy better than meter-level, typically reaching sub-meter to centimeter-level in dynamic positioning and millimeter-level in static displacement monitoring applications.

The following diagram illustrates the architecture design of our HD814X series chip which is one of our high precision products:



Note: The modules marked with * utilizes third-party IP licensed design, while all other modules are independently developed.

Designed for both consumer and industrial applications, our HD814X series chip features a powerful dual-core processor that delivers rapid computations while optimizing power consumption, thereby extending device working hours. Its on-chip magneto resistive random access memory (MRAM) technology accelerates data access and enhances durability and memory solutions. With the capability to capture and track up to 128 signals across multiple frequency bands from leading satellite systems like GPS, GLONASS, Galileo, and BeiDou, our HD814X series chip delivers high accuracy and highly robust service, even in challenging conditions. Furthermore, its support for high-frequency RTK positioning at 10 Hz ensures real-time, centimeter-level positioning accuracy, making it ideal for applications such as transportation, consumer electronics and environmental monitoring and early warning. All of these features are integrated into a small chip, which can be easily adapted to various devices.

In addition to the existing portfolio of GNSS chips and modules set out above, we have developed BeiDou short message products, the HD6180 Series, which were launched in September 2025. Its potential applications span transportation (transportation management), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring). The HD6180 series have the following features.

- ***High Integration Design:*** In terms of chip architecture, the HD6180 series chips adopt a highly integrated RDSS radio frequency (RF) transceiver architecture, achieving bidirectional RF transceiver functions on a single chip. This significantly simplifies the complexity of peripheral circuits, further optimizing chip area and cost. The packaged chip area is approximately 3 mm × 3 mm.
- ***High Communication Reliability:*** BeiDou short-message chips utilize the BeiDou satellite system for information transmission and reception, eliminating reliance on terrestrial communication networks to ensure exceptional reliability. This feature guarantees stable information transmission even in remote or low-coverage areas, providing critical support for emergency communication needs. The HD6180 series chips have a decoding sensitivity of -130 dBm, enhancing communication capabilities in weak-signal environments and significantly improving communication success rates in extreme conditions.

- ***High Communication Efficiency:*** In terms of satellite signal acquisition capability, the HD6180 series chips optimize baseband design and employ a pilot signal-assisted fast joint acquisition algorithm to enhance satellite signal acquisition speed. The first acquisition time does not exceed 2 seconds, enabling faster direct connection to BeiDou and higher communication efficiency.
- ***Advanced Decoding Capability:*** In terms of decoding capability, the HD6180 series chips fully support dual-mode decoding through dual-mode decoders, flexibly meeting the diverse needs of different application scenarios and providing stronger support for the large-scale application of BeiDou short messages.
- ***Low Power Consumption:*** In terms of chip power consumption, through multi-dimensional power control of core units such as RF units, baseband units, and power management units, the HD6180 series chips operate at a power consumption of equal to or less than 22 mW, representing an over 80% reduction compared to mainstream industry products and leading the industry. This provides an ultra-low-power foundation for mobile terminal applications with small batteries and long battery life requirements, such as mobile phones and smartwatches, significantly expanding the chips' application scenarios.

The following table* sets forth the sales volume of our GNSS chips and modules in 2023, 2024 and 2025.

	Year ended December 31,						
	2023		2024		2025		
	Sales Volume		Sales Volume		Sales Volume		CAGR[(1)]
	('000)	*%*	*('000)*	*%*	*('000)*	*%*	*%*
Standard precision chips and modules	8,349	73.9	10,944	68.1	21,507	66.9	37.1%
High precision chips and modules	2,950	26.1	5,123	31.9	10,617	33.1	53.3%
Total	**11,299**	**100.0**	**16,067**	**100.0**	**32,124**	**100.0**	**41.7%**

Notes:

* This table does not take into account the revenue from "others," which consist of GNSS technology services and various ancillary components bundled with our GNSS chips and modules, as such items are insignificant in amount and comprise a variety of different components that are not suitable for inclusion in the sales volume calculations.

(1) CAGR refers to the growth rate from 2023 to 2025.

The increasing trend in the sales volume of all types of our GNSS chips and modules was primarily due to the enlarging large-scale application of GNSS in China and our GNSS chips and modules featuring both advanced technology and cost-effectiveness. Specifically, the sales volume of our standard precision chips and modules increased from 8.3 million units in 2023 to 10.9 million units in 2024, primarily due to the increase in sales of our standard precision chips and modules for consumer electronics — IoT and transportation — transportation management, among others. The sales volume of our standard precision chips and modules further increased to 21.5 million units in 2025, primarily due to an increase in the demand of our customers engaging in consumer electronics — IoT and transportation — transportation management. The sales volume of our high precision chips and modules increased from 3.0 million units in 2023 to 5.1 million units in 2024, primarily due to (a) an increase in the demand of our customers engaging in transportation — bike-sharing industry and (b) an increase in the the demand for our customers engaging in transportation — transportation management industry. The sales volume of our high precision chips and modules further increased to 10.6 million units in 2025, primarily due to (a) an increase in the demand of our customers engaging in the transportation — bike-sharing industry; (b) our shipment growth in transportation — transportation management driven by the replacement cycle triggered by the enforcement of the new mandatory national standard "Safety Technical Specification for Electric Bicycles" (GB 17761-2024); and (c) an increasing demand from our clients in transportation — intelligent driving sector.

According to CIC, the fluctuations in the sales volume of our GNSS chips and modules are generally in line with industry trends.

The following table* sets forth the average selling prices of our GNSS chips and modules during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
		RMB	
Standard-precision chips and modules	4.9	4.8	3.8
High-precision chips and modules	16.1	15.2	14.2

Note:

* This table does not take into account the revenue from "others," which consist of GNSS technology services and various ancillary components bundled with our GNSS chips and modules, as such items are insignificant in amount and comprise a variety of different components that are not suitable for inclusion in the average selling price calculations.

The average selling price of our standard precision chips and modules decreased slightly from RMB4.9 in 2023 to RMB4.8 in 2024, and decreased to RMB3.8 in 2025, primarily attributable to the increasing proportion of our ROM series products (chip products with pre-configured firmware stored in read-only memory), which featured low unit cost and low unit price, introduced to address market competition for standard precision chips. Furthermore, our effective cost reduction measures converted into more competitive product prices, thereby enhancing our market position.

The average selling price of our high precision chips and modules decreased slightly from RMB16.1 in 2023 to RMB15.2 in 2024, primarily due to the intensified competition in the high-precision chips and modules market in 2024, prompting us to offer price discounts to our major customers. Although the consumer electronics sector remained sluggish in 2024, the growth in the transportation segments (bike-sharing, transportation management ministry specific machine and intelligent driving), to some extent, supported the resilience of our product selling price. The average selling price of our high precision chips and modules slightly decreased from RMB15.2 in 2024 to RMB14.2 in 2025 primarily due to a shift in our product mix, characterized by an increased proportion of chip sales, which generally commanded a lower average selling price compared to our modules.

According to CIC, the fluctuations in the average selling price of our GNSS chips and modules are generally in line with industry trends.

Our GNSS-related Solutions

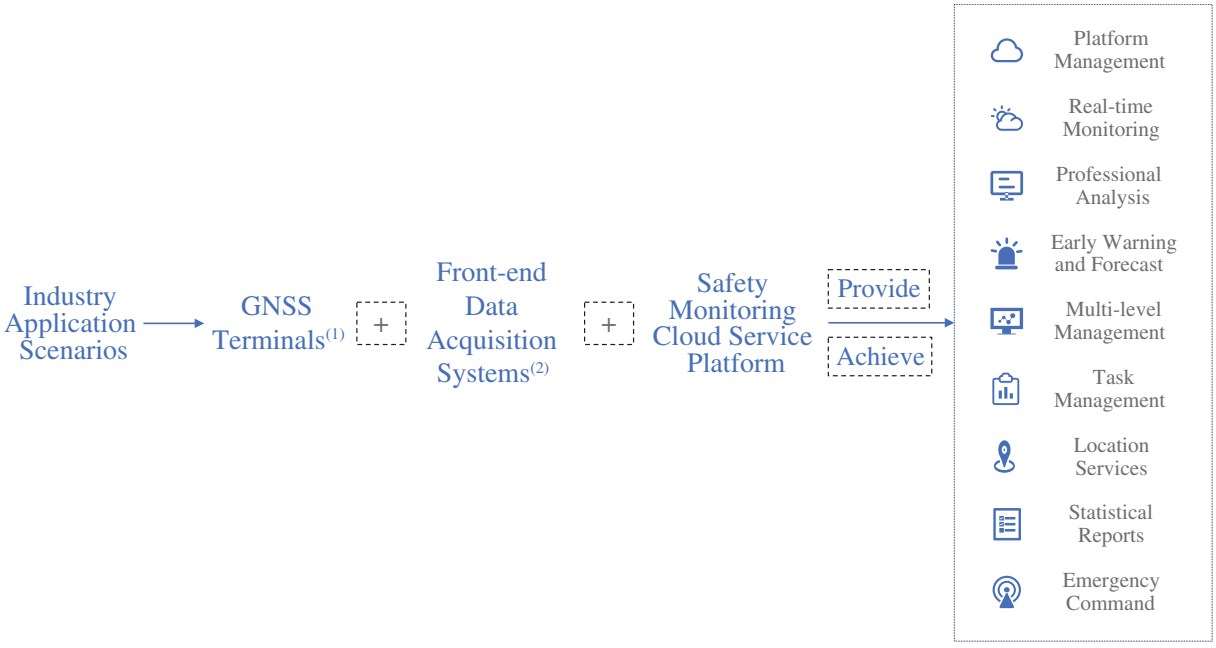
Our GNSS-related solutions integrate GNSS terminals, front-end data acquisition systems and our proprietary Safety Monitoring Cloud Service Platform to provide real-time, automated safety monitoring for a wide range of industry applications. The Safety Monitoring Cloud Service Platform is a cloud-based system designed to monitor the digital processing and visualization of applications, and to provide alarm support functions. GNSS terminals are our self-developed field devices that receive and process satellite signals (including BeiDou, GPS, GLONASS and Galileo) to perform high-precision positioning. While GNSS terminals are primarily deployed as key components of our GNSS-related solutions, we also sell such terminals on a standalone basis to certain customers who require positioning hardware for their own system integration or application development. Such standalone sales form part of our strategy to expand our presence in downstream application scenarios and enhance overall business scale. Measuring displacement changes from sub-meters to millimeters enables precise monitoring of surface and structure displacement scenarios as well as vehicle location and trajectory. The front-end data acquisition system is equipped with multiple sensors including rainfall, crack, water level, and inclinometer instruments. The sensor data are transmitted through front-end data acquisition systems, which include multichannel data collector unit (MDCU) remote terminal units (RTUs) and other IoT modules, to the Safety Monitoring Cloud Service Platform for centralized visualization, analysis and early-warning functions.

We provide customized GNSS-related solutions for water conservancy and hydropower, geological disaster prevention, mine tailings management vehicle monitoring and others, primarily serving government agencies and related professional institutions. These projects are typically delivered as full-package solutions that generate revenue from project-based fees paid upon completion of specific

milestones. Our software platform is self-developed, while the hardware (other than the GNSS terminals and front-end data acquisition systems) is procured from qualified third-party suppliers without any exclusivity arrangements.

Our GNSS-related solutions utilize a variety of sensors. Among these sensors, GNSS chips play a role in positioning and timing, primarily including receiving and processing satellite signals through GNSS chips to obtain displacement changes ranging from sub-meter to millimeter levels, thus could be applied in various fields. Sub-meter level positioning is typically used in transportation applications such as location and trajectory monitoring, whereas millimeter-level displacement monitoring is mainly used in static infrastructure applications such as bridges, slopes, and tunnels. According to CIC, millimeter-level precision represents the practical detection limit for current GNSS technology in such static monitoring scenarios.

The overall process begins with sensor deployment and data acquisition at the monitoring site, followed by data transmission via navigation and positioning satellites, fiber optics, communication networks, among others, to our self-developed cloud platform, which processes data, and present real-time observation data, trend analysis, and historical data of reservoirs, mine slopes, and among others, in the form of visualized charts. Users of our cloud platform could set the early warning parameter, and when the deformation data reaches critical thresholds, automatic alerts are triggered. The following diagram illustrates the process of our GNSS-related solutions.



Notes:

(1) GNSS terminals are field devices that receive and process satellite signals (including BeiDou, GPS, GLONASS, and Galileo) to perform high-precision positioning.

(2) Front-end data acquisition systems comprise Multichannel Data Acquisition Units (MDAUs), remote terminal units (RTUs) and video management systems (VMSs), which collect and transmit field data to the Safety Monitoring Cloud Service Platform for centralized processing and visualization.

- MDAU: Multichannel Data Acquisition Unit, a data acquisition device capable of synchronously collecting data from multiple sensors, supporting real-time monitoring, analysis, and remote transmission of data.
- RTU: Remote Terminal Unit, a microprocessor-controlled device used in industrial control systems to connect sensors and equipment with a central control or SCADA system.
- VMS: Video Management System, software and hardware solutions used to collect, store, and manage video data from cameras or sensors for monitoring and analysis.

GNSS terminals are the end devices within our GNSS-related solutions, integrating GNSS chips to achieve monitoring accuracy ranging from sub-meter to millimeter levels. They enable precise monitoring of surface displacement for landforms and structures, as well as vehicle positioning and trajectory tracking. The following table sets forth the product type, series name, product name, product pictures, product features, and primary application fields of our GNSS terminals integrated to our GNSS-related solutions during the Track Record Period.

Product Type	Product Name	Product Picture	Product Features	Application Field
GNSS Terminal	Universal GNSS receiver (M20)		• *High-Precision Positioning for Geologic Disaster Monitoring.* • *Integrated and Efficient Design.* • *Low-power design with low operation and maintenance costs.*	Water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities
	Integrated self-powered GNSS receiver (M50)		• *Highly Integrated.* • *Support MEMS Linkage Front-end Solving.* • *Self-powered Integration.*	Land and geological disaster prevention, mine tailings facilities
	Professional GNSS receiver (E40)		• *Fast and Dynamic Solver Engine.* • *Enhanced Observation Data Quality.* • *Supports multiple communication transmission modes.*	Water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities
	Professional GNSS receiver (GT600)		• *Sub-Millimeter Phase Center Accuracy.* • *3D Choke Structure Design.* • *Strong Tracking Capability For Low Elevation Satellites.* • *Wide Signal Transmission Range.* • *Unique Waterproof and Dustproof Design.*	Water conservancy and hydropower, land and geological disaster prevention
	Professional GNSS receiver (E50Pro)		• *Internal Integration of 4G and Wifi Modules.* • *Built-in multi-frequency anti-interference technology.* • *Built-in High-Capacity Lithium Battery.* • *Supports Most of the GNSS Antennas in the Market.* • *64GB Storage.* • *Configure and Export Data via WEB.*	Land and geological disaster prevention

We provide customized GNSS-related solutions for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, vehicle monitoring and other sectors based on customer requests, and usually deliver full-package solutions that generate revenue from project-based fees paid upon achieving milestones. Deformation monitoring solutions involve continuously measuring and analyzing shape or positional changes (such as displacement, subsidence or tilting) of objects (such as buildings or geological bodies) over time to assess stability and safety. In these solutions, our software is self-developed, while the hardware (other than the GNSS terminals and front-end data acquisition systems) is procured from third-party suppliers without any exclusivity arrangements. For details of the salient terms of agreements with our customers in connection with our GNSS-related solutions during the Track Record Period, see "— Sales, Marketing and Distribution of Our Products — Our Direct Sales."

These solutions typically include GNSS terminals, which are our self-developed devices that receive and process signals from global navigation satellite systems (including GPS, BeiDou, GLONASS and Galileo) to provide positioning, navigation and timing functions, and front-end data acquisition system, which refers to multi-sensor monitoring devices used in our GNSS-related solutions that may incorporate GNSS terminals together with other sensing technologies (such as rainfall, water-level, tilt or crack-monitoring sensors) to obtain and transmit real-time or periodic monitoring data for specific application scenarios. These two categories of hardware perform different roles within our solutions: GNSS terminals provide the core positioning capability, while front-end data acquisition system supports broader scenario-specific monitoring needs.

During the Track Record Period, we have signed over 570 contracts with over 280 customers in connection with projects of our GNSS-related solutions. During the Track Record Period, we recognized a total revenue of RMB67.4 million, RMB98.5 million and RMB91.2 million, respectively, from our GNSS-related solutions business, and we have 76 ongoing contracts which are expected to contribute to our revenue in the future, as we continue to fulfill our obligations and deliver on our commitments to customers.

The following table sets forth the application fields and features of our GNSS-related solutions during the Track Record Period.

Application Fields	Features
Water conservancy and hydropower	*Water Conservation and Hydropower* Utilizing GNSS and other sensing technologies, IoT, cloud platforms, and related technologies, the system automatically monitors and analyzes displacement and deformation, stress and strain, as well as water volume and levels of reservoir dams, slopes, and other structures, providing timely early warning alerts. *Intelligent Water Conservation* *Intelligent Reservoir Comprehensive Solution*: By integrating advanced technologies such as IoT and the GNSS, this solution aims to enhance intelligent monitoring, real-time early warning, operations, and rapid response capabilities for reservoir management.
Land and geological disaster prevention	Utilizing GNSS and other sensing technologies, IoT, cloud platforms, and related technologies, the system enables automated monitoring and early warning analysis of displacement and deformation in geotechnical mountains and slopes along railroads and highways, as well as geological disaster landslides along transportation routes and in mountainous areas.

Application Fields	Features
Mine tailings facilities. . . .	Leveraging GNSS and other sensing technologies, IoT, cloud platforms, and related technologies, the system provides real-time, all-weather automated monitoring, surveillance, analysis, and early warning of critical parameters. These include surface deformation, internal displacement, groundwater surface height, rainfall, and ground cracks, ensuring risk management for tailing pond dams and mine slopes.
Vehicle monitoring	The system utilizes GNSS and other sensing technologies, communication, and industrial internet technologies to acquire, store, and upload vehicle location and trajectory data, enabling monitoring and management of vehicle positions and routes, safety alerts, and value-added services.
Others	The system integrates GNSS terminals IoT, cloud platforms, and related technologies to perform real-time monitoring, analysis, and early warning for critical indicators such as structural displacement, tilt, water levels, and environmental impacts. This applies to infrastructure including excavation pits, bridges, tunnels, and buildings, as well as natural geological environments like forests, grasslands, and mountainous areas.

Products in Our Comprehensive Chips and Modules Business

We act as an authorized distributor of third-party manufacturers to sell a broad product portfolio of communication and memory products from them that are essential to a wide variety of electronic equipment. The primary products we sell in our comprehensive chips and modules business include communication chips and modules, storage chips and modules, and RF chips. During the Track Record Period, we distributed comprehensive chips and modules sourced from multiple third-party suppliers. We distributed chips and modules of primarily 8, 22, and 22 brands of third-party products in 2023, 2024 and 2025, respectively. Based on sales revenue, the top three brands we sold together contributed over 80% of the revenue from our comprehensive chips and modules business during the Track Record Period. From the perspective of customer preferences, demand is concentrated in core component brands, which tend to exhibit high stickiness. This dynamic supports our ability to introduce own GNSS chips and modules into customer procurement cycles in the future and enables us to provide a "core + peripheral" solution model that better caters to customers' needs.

To the best of our knowledge, all of our sales of comprehensive chips and modules during the Track Record Period were made to downstream customers. Original manufacturers typically engage distributors like us to complement their direct sales channels, as we are able to reach a broader customer base across diverse industries, provide more flexible delivery and credit arrangements, and offer integrated sourcing solutions across multiple products and brands. In addition, certain customers prefer to procure through authorized distributors to streamline procurement and enhance supply chain stability. As a distributor, we also provide value-added services that enhance supply chain efficiency and customer experience, including product selection support, compatibility testing and inventory and logistics management.

Under our commercial contracts, we typically assume responsibilities such as product quality assurance, return and exchange arrangements. If quality issue arises, customers would pursue claims against us, then the original manufacturers would take over and we provide corresponding assistance and cooperation, in certain situations, may provide advance compensation. Returns are usually limited to quality defects or shipment errors reported within the inspection period, and warranties are handled in line with the original manufacturers' policies. To manage risks, we carefully select reputable and stable suppliers, maintain a dynamic inventory alert system to adjust stock levels based on demand forecasts, set out clear contractual responsibilities, and purchase trade credit insurance to mitigate risks of delayed customer payments.

The following table sets forth the sales volume of our comprehensive chips and modules during the Track Record Period.

	Year Ended December 31,					
	2023		2024		2025	
	('000)	*%*	*('000)*	*%*	*('000)*	*%*
Communication chips and modules. .	22,132	34.0	23,423	32.2	30,547	15.7
Storage chips and modules	6,103	9.4	4,429	6.1	3,971	2.0
RF chips	32,772	50.4	36,617	50.3	141,996	72.8
Others[(1)]	4,072	6.2	8,317	11.4	18,646	9.6
Total	**65,079**	**100.0**	**72,787**	**100.0**	**195,160**	**100.0**

Note:

(1) Others primarily consist of sensor chips and electronic components.

Communication chips and modules. The sales volume of communication chips and modules we sold increased from 22.1 million in 2023 to 23.4 million in 2024, primarily due to the expansion of our product lines and growing demand from new customers. The sales volume of communication chips and modules we sold further increased to 30.5 million in 2025, primarily due to an increase in the revenue from the newly expanded product lines.

Storage chips and modules. The sales volume of storage chips and modules we sold decreased from 6.1 million in 2023 to 4.4 million in 2024 and further decreased 4.0 million in 2025, primarily due to market shortages resulting from the cyclical fluctuations of the storage chip industry.

RF chips. The sales volume of RF chips we sold increased from 32.8 million in 2023 to 36.6 million in 2024, primarily due to an increase in the customer demand. The sales volume of RF chips we sold further increased to 142.0 million in 2025, primarily due to an increase in the customer demand for RF switches of certain brand.

According to CIC, the fluctuations in the sales volume of products in our comprehensive chips and business are in line with industry trends.

The following table sets forth the average selling prices of our comprehensive chips and modules during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
		RMB	
Communication chips and modules	12.1	14.2	12.6
Storage chips and modules	18.3	42.9	33.3
RF chips	2.0	1.6	0.9
Others[(1)].	7.5	2.5	2.2

Note:

(1) Others primarily consist of sensor chips and electronic components.

The average selling price of comprehensive chips and modules is primarily influenced by market price fluctuations and the impact of product mix on pricing. For instance, storage chip market prices exhibit significant volatility, leading to greater price fluctuations for our products during the Track Record Period. According to CIC, the average selling prices of storage chips and modules are subject to relatively pronounced industry cycles, primarily driven by fluctuations in global supply and demand. These products are generally characterized by high standardization, strong substitutability and short production lead times, which make them susceptible to cyclical patterns such as inventory oversupply, price declines, capacity adjustment, and subsequent price recovery. Demand for storage chips is closely tied to consumer electronics markets, including smartphones, personal computers and data centers, resulting in high sensitivity and pricing volatility during demand fluctuations. In addition to the impact of the industry cycle, the average selling price of products we sold in our comprehensive chips and modules business also vary depending on the specific products required by our customers.

Communication chips and modules. The average selling price of communication chips and modules we sold increased from RMB12.1 in 2023 to RMB14.2 in 2024, primarily due to our expansion into automotive-grade communication modules with a higher average selling price than that of automotive-grade communication chips, which achieved volume sales. The average selling price of communication chips and modules we sold decreased from RMB14.2 in 2024 to RMB12.6 in 2025, primarily due to the decrease in average selling price of our communication chips driven by the intensified market competition.

Storage chips and modules. The average selling price of storage chips and modules we sold increased from RMB18.3 in 2023 to RMB42.9 in 2024, primarily due to the upward industry cycle from 2023 to 2024. The average selling price of storage chips and modules we sold decreased from RMB42.9 in 2024 to RMB33.3 in 2025 reflecting a shift in product mix. The 2024 average selling price was bolstered by substantial procurement of high-performance UFS storage chips from a major customer; however, as no such high-value units were sold in 2025, the average selling price experienced a corresponding decline.

RF chips. The average selling price of RF chips we sold decreased from RMB2.0 in 2023 to RMB1.6 in 2024, primarily due to an increase in the proportion of revenue from certain RF chip product line with lower average selling price. The average selling price of RF chips we sold decreased from RMB1.6 in 2024 to RMB0.9 in 2025, primarily due to the significant sales volume of RF switches of certain brand, which had a extremely low average selling price.

According to CIC, the fluctuations in the average selling price of products in our GNSS chips and modules are in line with industry trends.

Pricing of Our Products and Solutions

In pricing our GNSS chips and modules, we consider a range of factors, including the purchase price of our raw materials (i.e. wafers), R&D costs, and operational costs.

In pricing our GNSS-related solutions, we consider the project budgets of our potential customers, including government agencies at the provincial level and above, well-known scientific research institutes and large-scale enterprises, our costs, as well as the prevailing market price of similar solutions. For GNSS-related solutions, our projects typically adopt a staged payment schedule consisting of prepayment, milestone progress payments, final acceptance payments, and operations and maintenance payments. Indicatively, we may request up to 30% of the contract amount for prepayment, up to 50% as progress payment and the remaining as final acceptance payment. The terms of the contract may also provide that up to 15% of the contract amount may be collected as maintenance bond, which will be returned in installments upon successful completion of each year of the required maintenance period. The specific terms, ratios and timing of payments may vary depending on the industry, customer requirements, and the level of customization involved in each project.

With respect to the comprehensive chips and modules we sell, we take into account the following factors, including market supply and demand, third-party chip manufacturers' pricing strategy, our inventory level, customer relationship, and competitive landscape, when evaluating and determining our pricing strategy.

Application Fields of Our Products and Solutions

Our various products and solutions have been widely adopted across various fields. Depending on the specific scenario, our GNSS chips, modules and solutions may provide positioning, navigation, monitoring, or a combination of these functions. The following summarizes the major application scenarios and corresponding functionalities:

- ***Transportation***
  - **Transportation management**: GNSS chips enable tracking, monitoring and safety management for various transportation scenarios, including tourist coaches, passenger buses and vehicles transporting hazardous materials. We have supplied solutions such as a "BeiDou + 5G" high-precision smart bus system to Shenzhen Bus, for which we received the Satellite Navigation and Positioning Science and Technology Progress Gold Award. Our BeiDou

"dual-frequency + inertial guidance" modules have also been widely deployed in regulated vehicles (两客一危一重), providing reliable positioning in demanding operating environments. In addition, we have collaborated with the China Transport Communications and Information Center to explore BeiDou-based applications in road tolling scenarios, and, according to the CIC Report, we are the largest chip-level solution provider in the field of "BeiDou free-flow toll applications." Our GNSS chips are also applied in electric bicycles, which are expected to become a key growth driver supported by favorable government policies. Our chips and modules are used in vehicles, trackers and roadside infrastructure to support fleet and vehicle management, navigation for vehicle routing, and transportation coordination. They provide high-precision positioning function for public transportation, logistics dispatching, hazardous-goods transport monitoring and free-flow tolling systems, enhancing tracking, safety supervision and operational efficiency.

- **Bike-sharing**: As one of the earliest spatial positioning solution providers to enter the bike-sharing market, we have established ourselves as the largest navigation chip supplier for high-precision bike-sharing products launched by Meituan, Hellobike and DiDi Bike. Through GNSS chips, bike-sharing operators can accurately define parking areas (electronic fences) and implement functions such as bike entry settlement, parking guidance, and fixed-point parking, which facilitates orderly parking of shared bikes. As of December 31, 2024, our sales volume of GNSS chips applied in bike-sharing industry surpassed 15 million units according to our internal sales records, In 2025, our sales volume of these GNSS chips captured over 60% of the total bike sharing market in China, according to the CIC Report. Our chips and modules provide positioning for bike locating, electronic geofencing and parking guidance.
- **Intelligent driving**: Intelligent driving refers to vehicle-level applications that utilize technologies such as high-precision positioning and multi-sensor systems to enable vehicles to perform assisted or fully autonomous driving functions. This differs from transportation management, which focuses on how transportation authorities gather information, such as vehicle location and movement trajectories, to fulfill regulatory, safety oversight, and coordinated dispatch roles within the broader transportation ecosystem. In contrast, intelligent driving relies on the high-precision positioning data to support operations like route planning, safety control, and automated driving at the vehicle level. We supply GNSS chips and modules to our shareholder, Shanghai Automotive, for use in its intelligent driving systems. Our products have been integrated into Shanghai Automotive's intelligent driving platforms, which have been applied in SAIC MG Coupe MG7, and SAIC Roewe's SUV, the "Whale," which have been launched to the market. Our GNSS chips provide vehicles with absolute geographic coordinates (latitude, longitude and altitude) based on the global coordinate system, serving as the fundamental reference for intelligent driving systems. This allows vehicles to determine their exact position within high-precision maps, correct sensor drift, and maintain stable, lane-level navigation accuracy that supports route planning, safety control and autonomous driving operations. They furnish absolute location coordinates to underpin intelligent driving functions.

- ***Consumer electronics***:
  - **Smartphone**: We collaborated with Lenovo, to launch the world's first mobile phone equipped with a domestically produced dual-frequency positioning chip in 2019, which is equipped with a domestic dual-frequency high-precision navigation and positioning SoC chip. This marks the first large-scale application of dual-frequency chips in the smartphone sector, significantly promoting the large-scale applications for BeiDou technology. Our GNSS chips are being used by several prominent PRC smart phone brands, as well as by smart watch makers. Our chips and modules enable both positioning (location monitoring) and navigation (map navigation).
  - **Internet of Things**: To address the specific application environment and conditions of overseas electricity meters, we provide chip and module product solutions for real-time location monitoring of overseas electricity meters, effectively solving problems such as

anti-theft and maintenance management of electricity meters, ensuring the smooth development of large-scale deployment of smart electricity meters in overseas countries, and also improving the management capability of the local government for smart electricity meters. Our chips and modules enable both positioning (location monitoring) and navigation (map navigation).

- **Wearable devices**: In the realm of wearable devices, we have begun shipping positioning chips for smartwatches since 2022, advancing us toward the goal of achieving universal searchability and connectivity. Our chips and modules support positioning (location monitoring) and navigation (map navigation).

- ***Environmental monitoring and early warning***

  - **Meteorological detection**: We have undertaken a national key R&D project in collaboration with a government agency in the weather monitoring field and successfully developed the "Spring Equinox I" chip module, which not only fills a significant gap in satellite navigation technology for meteorological sounding in China but also disrupts the international monopoly on satellite navigation chip technology in the sounding market. The Spring Equinox I has been instrumental in supporting such government agency's high-altitude meteorological observation missions and is now widely adopted across the industry. According to the CIC Report, "Spring Equinox I" is the most popular chip module in the weather monitoring filed in China in terms of sales volume in 2024 and 2025. Our chip modules have effectively supported high-altitude meteorological observation missions conducted by such government agency and are now widely utilized. We are currently the largest BeiDou chip supplier in the field of high-altitude meteorological observation.

  - Our chips and modules provide positioning to tag precise location coordinates for weather data. In upper-air meteorological monitoring, weather balloons equipped with BeiDou sounding instruments that incorporate our GNSS chips use high-precision satellite positioning to assign geographic coordinates to each set of collected data, such as temperature, humidity, pressure and wind speed at different altitudes. This enables accurate spatial mapping of meteorological data and supports real-time environmental monitoring and early warning systems.

  - **Deformation monitoring**: While the aforementioned application scenarios are related to our GNSS chips and modules, this deformation monitoring application corresponds to our GNSS-related solutions. We provide GNSS terminals, front-end data acquisition systems equipped with various sensors (such as rainfall, crack, water level, and inclinometer monitors), and our proprietary Safety Monitoring Cloud Service Platform, which together form part of our integrated GNSS-related solution for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities and others, primarily serving government agencies and related professional institutions. According to the type approval certificate for measuring instruments issued by the Shanghai Quality and Technical Supervision Bureau, our monitoring systems achieve a static measurement horizontal accuracy of ±1.2 mm and a vertical accuracy of ±2.5 mm, making our measurement accuracy one of the best in China.

  - Our chips and modules provide positioning and monitoring solutions for sectors including water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities and others.

Relationship with GNSS

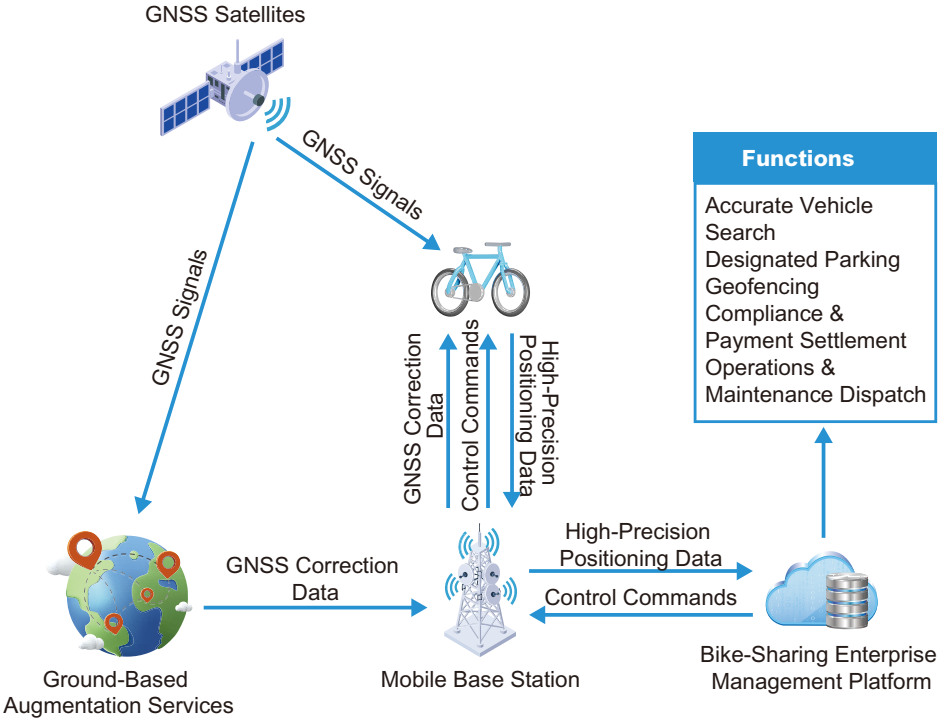
Global Navigation Satellite Systems ("**GNSS**") collectively refer to satellite constellations that provide positioning, navigation and timing services on a free and open basis to users worldwide. The major GNSS constellations include GPS (United States), GLONASS (Russia), BeiDou (China), Galileo (European Union), QZSS (Japan) and NavIC (India). The civil signals of these systems are openly accessible without commercial restrictions in the jurisdictions where we operate, and there are no mandatory licensing requirements for GNSS receivers. Most of our GNSS chips and modules are

designed to receive and process signals from multiple satellite systems simultaneously, enhancing positioning accuracy, continuity and stability. We are an independent commercial enterprise and have no exclusive or contractual affiliation with any GNSS operator.

The BeiDou Navigation Satellite System, developed under the supervision of the China Satellite Navigation Office, is one of the major GNSS constellations that our products support. Historically, we originated from the BeiDou navigation technology ecosystem and have developed in parallel with China's efforts to promote the commercialization and application of BeiDou technologies. Now most of our products are multi-GNSS-compatible, capable of receiving and processing signals from multiple constellations. In addition, we have developed certain BeiDou independent positioning products that can receive and process BeiDou signals only. Sales of such products have historically been immaterial, but their shipment volume has increased rapidly recently, supported by favorable government policies encouraging the domestic use and development of BeiDou-based technologies.

The BeiDou short message communication function is a unique feature of the BeiDou system. For the development and commercialization of such products, including BeiDou short-message communication products, we have obtained the relevant authorization from the sole operator of the BeiDou Navigation Satellite System. These certified products represent a high-barrier market segment in which no foreign manufacturers currently hold comparable certification. Our existing mass-produced multi-GNSS chips and modules that are already deployed in major applications utilize open civil signals from multiple GNSS and do not require any certification. The combination of our multi-GNSS technologies and BeiDou-specific capabilities enables us to address diverse market demands.

To illustrate how our chips, modules and related solutions utilize GNSS signals, please refer to the diagram below. It demonstrates the end-to-end workflow from the reception of GNSS signals at the terminal device, to on-device processing, cloud communication, and platform management, showing how our products enable positioning, navigation and monitoring functions in real-world applications.



- *Reception of GNSS signals*: Terminal devices (e.g. shared bicycles equipped with GNSS modules) receive satellite signals from the BeiDou constellation and other compatible GNSS.
- *Signal correction and enhancement*: The terminal device also receives correction data transmitted from ground-based augmentation services via mobile base stations, improving the accuracy and stability of positioning.

- *On-device processing*: The GNSS chip embedded in the bicycle processes satellite signals together with correction information, generating high-precision positioning outputs. The terminal device receive the control commands (e.g. for electronic lock/unlock or parking enforcement).
- *Cloud communication*: The terminal device transmits high-precision positioning information and control signals through mobile base stations to and from the enterprise management platform.
- *Platform management*: The enterprise platform integrates positioning data with operational systems, allowing functions such as accurate vehicle search, designated parking, automatic fee settlement, and fleet dispatch.

Through this end-to-end workflow, our products enable precise positioning, navigation, and monitoring functions in the transportation — bike-sharing scenario, demonstrating the practical utility of GNSS technology in daily mobility and smart city management.

OUR BUSINESS PROCESSES

GNSS Chips, Modules and Related Solutions Business

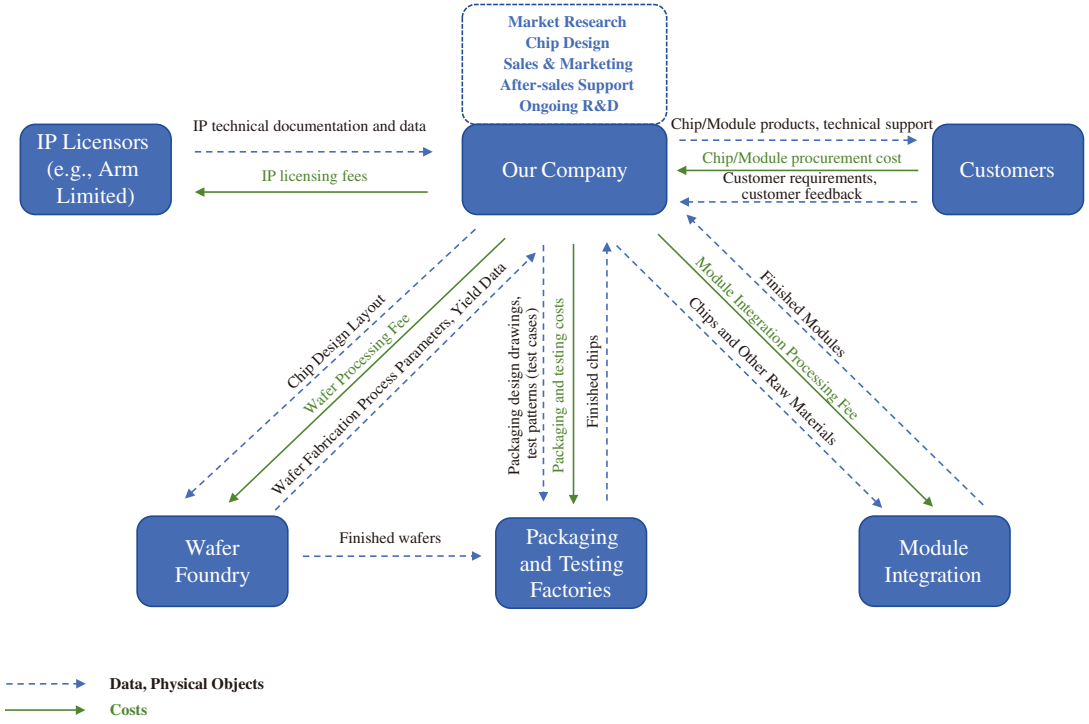
We offer a wide range of GNSS chips, modules and related solutions and derive revenue from sales of these products and related solutions.

GNSS Chips and Modules

The business flow of our GNSS chips and modules business involves a complex series of processes that can be broad categorized into eight major steps, as illustrated by the flow chart below.

"Chip design," accurately reflects our activities in the IC value chain. In particular, our design work focuses on the IC layout design of SoC chips. We adopt licensed CPUs while independently developing and integrating core modules such as RF, baseband, algorithms, and power management. IC layout design can be compared to creating a highly precise blueprint on a tiny silicon wafer: starting from application needs, engineers plan functional modules, use design software to organize billions of transistors into circuits, and arrange them within a limited space, before repeatedly verifying the design to ensure no leakage, overheating, or functional errors. For GNSS SoCs, which are "mixed-signal" chips combining analog circuits (for processing real-world satellite signals) and digital circuits (for computation and data processing), this process is more challenging than for traditional digital chips and requires deep understanding of signal characteristics, engineering precision, and cross-disciplinary collaboration. This design process differs fundamentally from chip packaging and testing, which are routine post-fabrication procedures outsourced to specialized third-party service providers. Packaging involves encasing the fragile chip die and connecting its contact points for safe external interaction, while testing is akin to a comprehensive health check to ensure proper function and identify defects.

Step	Process Node	Leading Party	Collaborating Party
1	Market Research	Our Company	/
2	Chip Design	Our Company	IP Licensors
3	Wafer Fabrication	Wafer Foundry	Our Company
4	Chip Packaging	Chip Packaging Factory	Our Company
5	Chip Testing	Chip Testing Factory	Our Company
6	Sales & Marketing	Our Company	/
7	After-sales Support	Our Company	/
8	Ongoing R&D	Our Company	/



Market Research. We conduct thorough market research to identify emerging trends, customer needs, and competitive landscape, and gather insights from potential customers in various sectors to inform product specifications.

Chip Design. This stage focuses on designing the functional blueprint of a chip.

- ***Project plan:*** We clarify product technical specifications, product requirements, benchmark products, cost analysis, return on investment, among others, and whether the product design specifications meet the requirements.
- ***Concepts and specifications:*** We define chip technical specifications as per application requirements, and we complete the system architecture design, sub-system architecture design and detailed development plan.
- ***Product design:*** We conduct and complete product design and technical development, including logic design, circuit design, simulation, simulation and others, to make technical preparations for multi-project wafer (MPW) tape-out.

Wafer Fabrication. Upon the completion of chip design and simulation, we entrust foundries to manufacture the wafer to transform the chip design into a physical wafer with an IC, which will include MPW sample tape-out and full mask tape-out.

Chip Packaging. Meanwhile, we will also entrust a chip packaging factory to package the chips to provide structural support for the chip and to realize electrical connections to other system components.

Sales and Marketing. We employ a hybrid approach that combines distribution and direct sales for GNSS chips and modules. For details, see "— Sales, Marketing and Distribution of Our Products."

After-sales Support. We provide ongoing technical support to customers for integration and troubleshooting, as well as gather customer feedback to inform future product improvements and development.

Continuous R&D. We regularly review and update our GNSS chips and modules portfolio based on market trends and technological advancements.

A high degree of division of labor has been developed in the IC industry, and each of the market players on the IC value chain, including service and solution providers of supporting technologies and tools (such as chip design software), IC manufacturing, packaging and test companies, and distributors and system manufacturers, requires a different set of skills. Meanwhile, with more and more types of IC chips coming out, there has been a trend of intricate division of labor within the field of IC design. IC design companies operating with a fabless model generally need to collaborate with upstream and downstream market players. IC design is at the core of the entire value chain with high economic value, and generates the most added value in a final product.

We operate with a fabless model, which is the typical operation model adopted by many navigation and positioning chips design companies in the IC industry. We focus on designing, branding, marketing and subsequently selling our GNSS chips and modules, but outsource the wafer manufacturing to foundries. We also entrust third party companies to conduct chip packaging in connection with the manufacturing of the chips. The fabless model allows us to maximize our research and design resources and capabilities with limited and efficient capital commitment. According to CIC, the fabless model is the prevailing business model in the semiconductor industry, including the navigation and positioning chip sector. It is common industry practice for chip design companies to outsource most processes other than chip research and design, such as wafer fabrication, testing, packaging and module assembly, as these processes require highly specialized facilities, large capital investment and economies of scale that are more efficiently provided by third-party service providers. CIC also confirms that our reliance on external foundries and packaging and testing companies is consistent with that of industry peers. In addition, alternative suppliers for each of these outsourced processes are available in the market, and we have adopted a multi-supplier strategy to reduce risks associated with over-reliance on a single vendor. According to CIC, the industry average cycle for manufacturing GNSS chips and modules, covering design, tape-out, foundry production, packaging, testing, and module assembly, generally ranges from three to six months depending on product complexity and foundry capacity.

Our proprietary know-how lies in three main aspects: (i) integration, as our GNSS SoCs combine RF front-end, baseband processor, positioning algorithms, and interfaces within a single chip, reducing reliance on external components and lowering cost, power consumption, and system size while improving reliability and consistency; (ii) configurability, as our chips support multi-frequency and multi-system operation (including GPS, GLONASS, Galileo, BeiDou, QZSS, and NavIC), allowing flexible feature selection and software-based customization; and (iii) system compatibility, as our SoC products provide an embedded operating system and software development tools that allow customers to efficiently develop and deploy their own applications. These SoCs support commonly used industry communication protocols and interfaces for satellite data transmission and device connection, which simplifies integration with downstream devices and shortens customers' development cycles.

The downstream customers of our GNSS chips and modules cover various sectors, including transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring) fields.

GNSS-related Solutions

The business flow of our GNSS-related solutions can be broad categorized into four major steps, as illustrated by the flow chart below.

Project Development. This stage is characterized by a long-term cycle focused on the initial development of the project, which lays the groundwork for subsequent stages. This includes ongoing communications with our clients.

Project Establishment. In this stage, which typically spans three to six months, the project is formally established. This involves defining goals, scope, and resources required for successful execution.

Project Implementation and Delivery. In this stage, we receive prepayments, progress payments, and acceptance fees pursuant to our agreements with the clients. This stage is expected to last one to three months and encompasses the actual implementation of the project followed by delivery to the client.

Project Operation and Maintenance. This stage focuses on maintenance and operation of the project. It involves quality assurance and ongoing support, with a duration that can vary from one to three years based on the specific project requirements. In this stage, we receive project operation and maintenance payments for the services we provide.

GNSS-related solutions are a natural extension of GNSS chips and modules into downstream application scenarios. The GNSS chips and modules developed by us can be further developed into terminal products and widely applied in various solutions. Utilizing the GNSS chip as the core components of high-precision navigation and positioning terminal products, we provide integrated hardware and software solutions for fields such as water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, vehicle monitoring and others, enabling real-time and precise automated monitoring. We usually design customized schemes based on customers' specific needs and deliver a full package of products and solutions within one to three months. We generate revenue from project-based fees that are often paid upon achieving milestones.

The brand value of Allystar creates opportunities for us to obtain solution businesses from high-profile clients. Our strategic clients are mainly government agencies at the provincial level and above, well-known scientific research institutes and large-scale enterprises.

Comprehensive Chips and Modules Business

The business flow of our comprehensive chips and modules business can be broad categorized into four major steps, as illustrated by the flow chart below.

- ***Customer Demand Identification:*** In the ordinary course of our GNSS chips, modules and related solutions business, we are able to generally identify the clients' specific needs for GNSS chips and modules and develop our comprehensive chips and modules business, as our GNSS chips, modules and related solutions business and comprehensive chips and modules business share certain common downstream customers. By maintaining open communication with clients, we aim to forecast demand and ensure the right products are available to meet client expectations.
- ***Order Placement with Chip and Module Manufacturers:*** Based on identified customer demands, we place purchase orders with third-party chip and module manufacturers. We negotiate the pricing, lead times, and terms of delivery to aim to secure favorable conditions for our customers. We maintain close relationships with third-party chip and module manufacturers to ensure fulfillment of orders and to stay informed about new product releases and technological advancements.
- ***Inventory Management by Third-party Logistics:*** We partner with third-party logistics providers to manage the physical receipt, warehousing and shipment of goods according to our instructions. We also monitor inventory levels internally to effectively control turnover.
- ***Scheduled Deliveries to Customers:*** We stock inventory according to customer demand and make delivery according to the agreed delivery date. The third-party logistics service providers receive our shipping notice and carry out packaging operations and reasonable planning of logistics arrangements to ensure timely shipment. We will provide customers with specific shipment time, shipment details and cargo tracking information, so that customers can arrange for receipt of goods accordingly.

We sell communication chips and modules, storage chips and modules, and RF chips procured from third party chip and module manufacturers and sell such chips and modules to downstream customers engaged in IoT, communication module, cellular phone, and automotive industries. We act as an authorized distributor of certain third-party chip and module manufacturers and generate revenue through product sales. See "— Sales, Marketing and Distribution of Our Products — Our Direct Sales."

We cooperate with certain third-party chip and module manufacturers and are their authorized distributors in China. We directly place orders with them and arrange for the delivery of chips in installments according to downstream customers' needs. We engage a professional third-party warehousing and logistics company to manage our inventory, and the chip and module manufacturers are responsible for after-sale services.

BUSINESS SUSTAINABILITY

With the continued development of mobile Internet and IoT technologies, the global GNSS spatial positioning services market has maintained a steady growth trend. According to CIC, the market size reached RMB2,383.0 billion in 2025. Developments in artificial intelligence applications in consumer devices, as well as ongoing progress in automotive intelligence and low-altitude economy-related industries, are expected to support future demand for GNSS spatial positioning services. The global GNSS spatial positioning services market is expected to reach RMB3,123.0 billion by 2030, representing a CAGR of 5.6% from 2025 to 2030.

As a renowned provider of GNSS spatial positioning services in China, we have been focused on the R&D of GNSS chip technologies, establishing a strong competitive edge within the industry. During the Track Record Period, our revenue increased significantly from RMB645.1 million in 2023 to RMB840.3 million in 2024, and further increased to RMB1,014.2 million in 2025. The increase in our revenue well-represents our growing market position, the expansion of our customers across various downstream applications and the increase in sales to our existing customers.

Analysis on Historical Losses

Notwithstanding the above achievements in our revenue during the Track Record Period, we incurred loss for the year of RMB288.9 million, RMB141.3 million and RMB112.5 million in 2023, 2024 and 2025, respectively. Our adjusted net loss (a non-IFRS measure), which was adjusted by adding back (i) **[REDACTED]** expenses, and (ii) equity-settled share-based payment expenses, amounted to RMB274.1 million, RMB119.7 million and RMB74.7 million in 2023, 2024 and 2025, respectively. We believe our historical financial performance during the Track Record Period is principally due to the following major factors:

- *Fluctuation in gross profit margin during the Track Record Period:* our gross profit margin slightly decreased from 10.5% in 2023 to 9.8% in 2024. This was primarily attributable to our market penetration strategy, under which we reduced the average selling price of our GNSS chips, modules and related solutions to drive sales scaling and capture market share, even though we also intensified internal efforts to reduce costs and enhance operational efficiency. Our gross profit margin increased from 9.8% in 2024 to 11.1% in 2025, primarily because the revenue from the GNSS chips, modules and related solutions with higher gross profit margin as a percentage of the total revenue increased to 32.8% in 2025. For details, see "Financial Information — Discussion of Results of Operations."
- *Decrease in marketing expenses during the Track Record Period:* our selling and marketing expenses slightly decreased from RMB56.5 million in 2023 to RMB54.4 million in 2024, reflecting our more effective marketing efforts. Our selling and marketing expenses slightly decreased from RMB54.4 million in 2024 to RMB53.9 million in 2025, primarily due to a decrease in depreciation of right-of-use assets related to the relocation of our Shanghai office with lower rent expenses. Our selling and distribution expenses incurred during the Track Record Period allow us to establish scale and brand recognition, capture market share and thus pave the way for our future revenue growth in all our business lines.

- *Massive R&D expenses during the Track Record Period:* in the satellite navigation and positioning service industry, GNSS chips design companies generally incur significant R&D costs, along with their increase in R&D capabilities, which is essential for the design of GNSS chips and modules. Consequently, they face certain amount of upfront losses. Specifically, our R&D expenses increased from RMB109.8 million in 2023 to RMB118.1 million in 2024, primarily in relation to the increased R&D activities. Our R&D expenses decreased from RMB118.1 million in 2024 to RMB93.7 million in 2025, primarily due to the streamlining of our R&D personnel to improve R&D efficiency. Our R&D investments have remained a significant portion of our total expenses, underscoring our long-term commitment to technological advancement. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business. The significant amount of R&D expenses was primarily a result of the substantial resources we allocated in developing our proprietary technologies to facilitate ongoing GNSS product iteration and improvement in product efficiency. For details of our proprietary technologies, see "— Competitive Strengths — Extensive and advanced technologies."
- *Fluctuation in administrative expenses during the Track Record Period:* our administrative expenses decreased from RMB83.2 million in 2023 to RMB80.5 million in 2024. Our administrative expenses increased from RMB80.5 million in 2024 to RMB88.1 million in 2025 mainly due to an increase in equity-settled share-based payment expenses and the **[REDACTED]** expenses. For details, see "Financial Information — Discussion of Results of Operations."
- *One-off factors:* our historical losses also reflect isolated, non-recurring events, most notably the failure of a major forestry monitoring project under Medo to materialize in 2023. This project had initially been expected to generate significant revenues and was one of the growth assumptions underlying the acquisition of Medo. However, due to changes in local government funding priorities and delays in implementation, the project did not proceed as anticipated. By that time, Medo had already incurred substantial upfront costs, including recruitment of additional R&D and project personnel and development work tailored to the project, resulting in a heavy cost burden without corresponding revenue contribution. As a result, we recorded a one-off goodwill impairment of approximately RMB128.9 million in 2023, which we consider to be an exceptional and non-recurring item. As of the Latest Practicable Date, the forestry monitoring project has been indefinitely postponed with no resumption timetable, and we do not project future revenue from this project thereafter.

In summary, our historical losses were primarily attributable to the fact that we are still in the process of achieving economies of scale, significant upfront R&D investments to build long-term competitiveness, and one-off factors such as the impairment of goodwill arising from the acquisition of Medo.

Nevertheless, our financial and operating performance has shown improving trends. From 2023 to 2024, our revenue increased from RMB645.1 million to RMB840.3 million, and our gross profit increased from RMB67.9 million to RMB82.0 million. In the same years, our loss narrowed from RMB288.9 million to RMB141.3 million. From 2024 to 2025, our revenue increased from RMB840.3 million to RMB1,014.2 million, our gross profit increased from RMB82.0 million to RMB112.5 million, and our gross profit margin increased from 9.8% in 2024 to 11.1% in 2025. These improvements reflect recovery in gross profit margins supported by product mix optimization and enhanced cost control, which we believe demonstrate progress towards long-term business sustainability.

Path to Profitability

We expect to improve our financial performance and achieve profitability in the near future through continual revenue growth, improving gross profit margin, improving operating efficiency and improving working capital management.

Achieving Sustained Growth in Revenue

As our business lines primarily consist of (i) GNSS chips, modules and related solutions business and (ii) comprehensive chips and modules business, we seek to drive continual overall revenue growth through the following measures:

We plan to boost our GNSS chips, modules and related solutions business and further increase sales volume and revenue by way of (i) maintain our advantageous position in providing GNSS chips and modules applied in the transportation — bike-sharing and transportation management as well as consumer electronics — IoT market by enhancing our partnership with leading industry clients, (ii) delve into transportation — intelligent driving market, (iii) expand into emerging application fields, (iv) expand and successfully optimize our products and solution portfolio, and (v) expand customer base.

- Maintain our advantageous position in providing GNSS chips and modules applied in the transportation — bike-sharing and transportation management as well as consumer electronics — IoT market by enhancing our partnership with leading industry clients. As of December 31, 2024, our sales volume of GNSS chips applied in transportation — bike-sharing industry surpassed 15 million units according to our internal sales records, In 2025, our sales volume of these GNSS chips captured over 60% of the total bike sharing market in China, according to the CIC Report. "Ministry-specified machines" (部標機) refer to in-vehicle terminals that comply with technical standards issued by the Ministry of Transport of the PRC for the supervision and management of commercial vehicles. These terminals integrate positioning, communication and data transmission functions to enable real-time monitoring of passenger and freight vehicles, particularly those used for hazardous goods and other regulated transportation. Going forward, we aim to further maintain our market share in the transportation — bike-sharing and transportation management, including ministry-specified machine, as well as consumer electronics — IoT sector and continuously generate revenue leveraging our advantageous position in providing GNSS chips and modules applied in such sectors.
- Delve into transportation — intelligent driving market: We supply GNSS chips and modules to one of our existing shareholder, Shanghai Automotive, which integrates our products into its transportation — intelligent driving systems. We believe that leveraging such successful experience in supplying leading car manufacturers and continuously upgrading our automotive-grade high-precision GNSS chips, we will further enhance our competitiveness of our products and services, thus expanding our market share and increasing our revenue in the transportation — intelligent driving market field.
- Expand into emerging application fields: Leveraging our R&D achievements, we have developed a GNSS product matrix capable of supporting broader transportation management scenarios and short message services in consumer electronics fields, among others. Under the national standard Safety Technical Specification for Electric Bicycle (GB 17761-2024), compliant electric bicycles are required to be equipped with Beidou positioning and dynamic safety monitoring functions, which collect and transmit information such as geographic coordinates, speed, and battery operating status in real time to enable intelligent management and safety monitoring. We are in the planning stage of addressing the demand for high-precision and high-dynamic real-time positioning applications in the low-altitude economy. We are also in discussions with certain leading drone manufacturers regarding potential application of our GNSS chips in consumer-grade drone products. As of the Latest Practicable Date, we are conducting technical feasibility analysis and evaluation for such applications, and have substantially determined the wafer fabrication process for the relevant chip. We currently expect to complete an multi-project wafer (MPW) tape-out in the fourth quarter of 2026. These discussions remain preliminary and no binding agreement has been entered into as of the Latest Practicable Date. Through chip-level design and optimization capabilities, we aim to achieve high performance and low power consumption, providing chip products to support a wide range of low-altitude economy applications. Meanwhile, we

are actively expanding our partnership ecosystem to quickly achieve market penetration and expansion, with the goal of achieving a significant market share in the low-altitude economy in the near future.

To further support our expansion into these emerging application fields, we are adopting a phased strategy that aligns with national policy direction and our own R&D progress. In the near term, we will focus on applications with established mass production capabilities such as ministry-specified machines, electric bicycles and BeiDou short message services, where our products have already achieved design wins. In the medium to long term, we plan to enter transportation — intelligent driving and low-altitude economy segments, particularly UAVs and eVTOL aircraft, where our high-precision GNSS chips and modules can enable real-time, high-accuracy positioning in complex airspace environments. We are also exploring broader consumer electronics — IoT and wearable devices, supported by low-power and miniaturized GNSS modules.

To achieve these objectives, we are strengthening our R&D and business development resources, including recruiting algorithm engineers, investing in testing platforms and software and hardware infrastructure, and pursuing automotive-grade certifications. We are actively expanding our partnership ecosystem with leading car manufacturers and industry players, which primarily involve securing anchor customers and collaborative development arrangements, rather than forming joint ventures. Our customer acquisition strategy emphasizes defining market entry paths based on product features and customer needs, selecting customers by their industry influence and shipment scale, and allocating resources across business development, technical support, R&D and certification, which together represent the main components of our customer acquisition costs.

- Expand and successfully optimize our product portfolio: We have successfully developed multiple core technologies and built a comprehensive product portfolio that includes GNSS chips, modules and related solutions, spanning transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring) fields. For details, see "— Competitive Strengths — Extensive and Advanced technologies," and "— Competitive Strengths — Comprehensive product portfolio with integrated software and hardware solutions." We will continue to enhance our technology to develop a wider range of product and solution types, catering to more application areas. We plan to invest in the R&D of ultra-low-power GNSS chips for the consumer electronics — IoT and wearable devices, automotive-grade high-precision GNSS chips for transportation-intelligent driving, the next generation of BeiDou short message chips for the consumer field, and satellite navigation and communication integrated chips.

  In line with our product roadmap, we currently have several new GNSS chips under development that are expected to strengthen our competitiveness and broaden our market coverage. Compared with our existing GNSS chips, these enhanced products offer higher integration, improved positioning performance, lower power consumption and stronger anti-interference capability, and are expected to gradually replace certain existing products upon mass production. The major new products under development include:

  (i) A full-constellation, single-frequency, low-power GNSS navigation and positioning chip targeting entry-level applications such as smart wearables and trackers. This chip is designed with optimized RF architecture and signal-processing algorithms to achieve higher accuracy and lower power consumption. We completed the first round of MPW testing and verification in the first quarter of 2026. To further optimize cost efficiency and power consumption, we plan to conduct an additional round of MPW, and accordingly, the expected commencement of mass production has been postponed to the second quarter of 2027.

(ii) A full-constellation, dual-frequency, low-power GNSS navigation and positioning chip targeting mid-range applications such as consumer electronics — wearable devices, transportation — bike-sharing devices and transportation management terminals. The product supports dual-frequency, multi-system signal processing and enhanced anti-interference performance, and has completed initial testing. The chip has commenced mass production in the first quarter of 2026 and has completed sample validation with bike-sharing operators and module manufacturers. Small-batch shipments commenced in the second quarter of 2026.

(iii) An integrated satellite navigation and communication chip targeting consumer electronics — smartphone and industry verticals such as meteorology, transportation and emergency rescue. This chip integrates satellite navigation and short-message communication functions into a single chip, and has completed tape-out and sample testing. The chip has commenced mass production in the first quarter of 2026 and has been provided to two leading domestic smartphone manufacturers for product development. These customers are currently incorporating the chip into their new smartphone models.

All of these products feature a high degree of integration and scalability and are designed to enhance both product performance and gross profit margins. These chips are intended to be marketed and sold as standalone products. Each of these chips is designed with an estimated lifecycle of approximately eight to ten years before becoming obsolete, based on the typical product life expectancy in the semiconductor and automotive-grade sectors.

Looking forward, we plan to further expand our R&D efforts toward automotive-grade high-precision GNSS navigation and positioning chips and module products for transportation — intelligent driving applications, which are expected to achieve relatively higher gross margins. We also intend to develop high-precision application products for use cases such as electric bicycles, deformation monitoring, unmanned aerial vehicles, precision agricultural machinery and outdoor robotics, which are likewise expected to deliver higher gross margins. For these product directions, we have identified the principal technical objectives and intended application scenarios, with a focus on features such as higher positioning accuracy, enhanced system reliability and adaptability to diverse industrial scenarios. By aligning our product development with customer requirements in sectors such as automotive, industrial and high-precision applications, we aim to capture emerging market opportunities, increase the share of high-value-added products in our portfolio and establish higher barriers to entry for competitors.

- Expand customer base: Our proven ability to cooperate with renowned large-enterprises in the industry and serve government and public institutions demonstrates our strong marketing capabilities and positions us as a benchmark in the GNSS positioning service industry, enhancing our credibility and helping us secure more projects in the future.

  We are actively implementing a roadmap to acquire and expand relationships with large customers such as car manufacturers, telecom operators, government agencies, and IoT providers. Our core offerings to these customers include high-precision GNSS chips and modules, short messaging-enabled chips, and automotive-grade RTK chips, which are applied in transportation — intelligent driving, V2X connectivity and transportation — transportation management. By conducting in-depth customer engagement, offering customized product design, and undertaking joint R&D with leading automakers and Tier-1 suppliers, we address differentiated needs in positioning accuracy, anti-interference performance, and system compatibility, thereby strengthening customer relationships and expanding market reach despite challenges such as lengthy certification cycles and significant upfront resource commitments.

We are actively expanding our GNSS-related solutions business and intend to strengthen our presence in application areas such as water conservancy and hydropower, land and geological disaster prevention, and transportation management. As of December 31, 2025, our GNSS-related solutions

business had approximately RMB75.0 million of contracts on hand and RMB40.1 million of intended orders, and since December 31, 2025 and up to the Latest Practicable Date, the contract value of contracts on hand for our GNSS-related solutions business and our GNSS module and chip business was approximately RMB37.6 million and RMB135.8 million, respectively, which provide a foundation for further scaling this business line. Going forward, we plan to deepen our participation in government and industry projects and can be customized for different application scenarios. Our strategic initiatives include a vehicle monitoring-related project, which applies satellite-based positioning to support traffic management, meaning systems that allow vehicles to be monitored or charged for road usage without stopping at traditional toll points, and a Beidou-based deformation monitoring terminal project (anti-interference type) with a company, which involves customized development of high-precision monitoring terminals used in infrastructure deformation detection. These initiatives are expected to further enhance our competitiveness and market position in government and industry projects over the next few years.

In addition, we also plan to grow our comprehensive chips and modules business. Based on our historical relationships with chip and module manufacturers and downstream customers, we are able to expand our product varieties in this business to drive revenue growth. Looking forward, our comprehensive chips and modules business will continue to function as a strategic pillar of our one-stop bundled offering, addressing the relatively stable needs of downstream customers. While this segment provides stable cash flow and strengthen customer relationships, it generally carries lower gross profit margins and is not expected to be a major growth driver in the long term, as our strategic focus remains on the higher-margin GNSS chips, modules and related solutions business. As a result, the contribution of the comprehensive chips and modules business to our total revenue and gross profit is expected to decline over time. We remain strategically focused on our higher-margin and more controllable GNSS chips, modules and related solutions business. As of the Latest Practicable Date, our comprehensive chips and modules business and GNSS chips, modules and related solutions business are supported by a combined team of approximately 56 personnel, primarily consisting of sales and technical support staff, with no dedicated R&D team for the comprehensive chips and modules business since our R&D resources are fully devoted to GNSS product development. We believe the synergies between our two business lines will significantly boost our overall business growth. For details, see "— Our Business Model — Synergies Between Business Lines."

Improved Gross Profit Margin

We intend to improve our gross profit margins through the following approaches:

- Optimization of product mix: Our comprehensive chips and modules business, which accounted for the majority of our revenue during the Track Record Period, serves as an integral part of our overall business operation that enables us to provide one-stop sourcing solutions and maintain close customer relationships. This segment typically yields lower gross margins. By contrast, our GNSS chips, modules, and related solutions represent our strategic focus and growth drivers, as they contribute significantly higher gross profit margins. According to CIC, the profitability of GNSS chip providers generally improves with technology upgrades, product differentiation, and economies of scale.
- Cost optimization of GNSS chips and modules: We will further strengthen supply chain management and optimization to reduce costs of our GNSS chips and modules, while leveraging our continuously expanding market share to gain greater bargaining power within the supply chain, thereby enabling sustained cost reductions of our GNSS chips and modules. In 2025, we have successfully achieved price reductions from several key suppliers in the chip processing and module component procurement stages. The cost reduction was mainly driven by our strengthened supplier negotiation and engineering capabilities, including the addition of new qualified module manufacturers to enhance competition and pricing flexibility, conducting competitive tenders based on larger purchase volumes, transferring certain packaging and testing processes to lower-cost domestic suppliers, and optimizing production processes to improve efficiency and reduce material consumption.

These initiatives demonstrate our practical ability to negotiate and secure favorable terms across multiple stages of the supply chain and reflect our effective procurement management and cost-control capabilities.

- Technology upgrades and high-value products: We plan to achieve iterative upgrades of our GNSS products and solutions through technological advancements, with a focus on increasing the revenue contribution from products with relatively higher gross profit margins, such as high-precision chips and chips applied in the pre-installed car devices. Our strategy is to capture such opportunities by investing in R&D, launching new generations of high-precision GNSS chips, BeiDou short message chips for consumer markets, and integrated satellite navigation and communication chips that combine BeiDou short messages with GNSS navigation functions, and extending into higher-value solutions.
- Economies of scale: As product shipment volume, business scale and revenue grow, we expect to benefit from economies of scale, thereby leading to improvements in gross profit and gross profit margin.

In addition, our Track Record Period results were also adversely impacted by one-off factors such as the goodwill impairment of Medo in 2023, which was driven by the failure of a major project to materialize. This non-recurring event temporarily suppressed profitability, but no similar impairments have arisen since. Overall, our gross margin has increased in 2025 compared to 2024, reflecting the effectiveness of these initiatives and a more favorable business mix.

Improving Operating Efficiency

We intend to improve our operational efficiency through the following approaches:

- Improving our R&D efficiency. As our technologies mature, we expect a higher R&D efficiency. During the Track Record Period, the R&D expenses as a percentage of revenue decreased from 17.0% in 2023 to 14.1% in 2024. The R&D expenses as a percentage of revenue further decreased to 9.2% in 2025. R&D expenses excluding equity-settled share-based payment expenses amounted to approximately RMB107.9 million, RMB115.5 million and RMB88.7 million for 2023, 2024 and 2025, respectively, accounting for 16.7%, 13.8%, and 8.7% of our total revenue in the respective year. We expect to further improve our R&D efficiency, as (i) we strive to optimize and standardize our R&D process and methods to improve R&D efficiency, which includes introducing the industry's leading integrated IC product development process, enabling the GNSS chip development process more standardized and the synergy between various fields more efficient, and (ii) our R&D team was well-established and will remain relatively stable in the near future, leading to a decrease in employee expenses as a percentage of revenue.
- Optimizing the management structure. Administrative expenses excluding equity-settled share-based payment expenses and **[REDACTED]** expenses amounted to approximately RMB72.8 million, RMB67.3 million and RMB62.4 million for 2023, 2024 and 2025, respectively, accounting for 11.3%, 8.0% and 6.2% of our total revenue in the respective year. We expect more effective management of our administrative expenses through the optimization of our team structure and enhanced efficiency within our management team. On one hand, we would review our management structure from time to time in order to optimize our human resources. On the other hand, along with the development of various technologies in relation to the corporate management and production, we may put more focuses on relying technological ways to share a part of the human duties. This would enhance our efficiency of our management and reduce relevant operating costs.
- Improve our marketing efficiency. Selling and distribution expenses excluding equity-settled share-based payment expenses amounted to approximately RMB54.0 million, RMB48.6 million and RMB46.7 million for 2023, 2024 and 2025, respectively, accounting for 8.4%, 5.8% and 4.6% of our total revenue in the respective year. We expect to continuously improve our marketing efficiency, benefiting from our established brand name, solid industry reputation and diverse product portfolio. In particular, the recognition of our GNSS products

and our brand name in downstream applications will help reduce our selling and distribution expenses and the expenses associated with new customer acquisition. At the customer level, sales to customers with large purchasing needs are expected to account for an increasing proportion of our total sales, and the growing number of distributors will effectively drive up our sales while reducing selling and marketing expenses as a percentage of revenue. Additionally, benefiting from the expansion of downstream applications for GNSS products, our sales and marketing team will contribute to more sales while facilitating a decrease in employee expenses as a percentage of revenue.

We thus expect to achieve a better operating efficiency with our control over the operating expenses.

Improving Working Capital Management

We intend to improve our working capital management through the following approaches:

- Strengthening the credit management of customers. We expect to periodically assess customers' credit profile to avoid high-risk customers, thereby reducing the possibility of writing off bad debts. We will also manage the credit period granted to customers, and plan to regularly reconcile unpaid accounts with customers and follow up on overdue account receivables in a timely manner.
- Strengthening our inventory management. We plan to strengthen our inventory management to improve inventory turnover and reduce stockpiling and unnecessary procurements, thereby enhancing overall cost-effectiveness. Our inventory control efforts will cover both raw materials and finished goods. For raw materials, we will make procurement and production plans based on demand forecasts and existing inventory levels, while factoring in appropriate safety stock to address unpredictable fluctuations. For finished goods, we aim to minimize inventory levels through closer coordination with sales forecasts and customer delivery schedules, enabling us to respond efficiently to orders while minimizing excess inventory and storage costs.
- Securing sufficient working capital. Sufficient working capital is essential to maintain our sustainable operation and we have placed importance on sourcing working capital through different means. During our operations, we aim to diversify our revenue stream by expanding our product portfolio, and improve our account receivable level by strengthening the credit management of customers.

We thus expect to achieve a better working capital management with our control measures.

Directors' and Sponsors' View

Based on the aforesaid, our Directors are of the view that our business is sustainable, supported by a clear development strategy, high technical barriers in GNSS chip design industry, and expanded opportunities for customer acquisition across different business segments, and nothing has come to the Joint Sponsors' attention that would cause them to cast reasonable doubt on aforesaid view of the Directors. We are transitioning toward a higher-margin product mix and expect to achieve breakeven in the near future. As of April 30, 2026, we had cash and cash equivalents of approximately RMB311.1 million (excluding the balance of wealth management products and including restricted cash) and RMB233.0 million in committed unutilized banking facilities, which our Directors believe, and the Joint Sponsors concur, are sufficient to support our operations and expansion for at least the next 12 months, even without taking into account the estimated **[REDACTED]** of approximately **[REDACTED]** million (assuming the **[REDACTED]** is determined at **[REDACTED]** per Share, being the **[REDACTED]** of the indicative **[REDACTED]** range) from the **[REDACTED]**. Having considered the financial resources available to us during the Track Record Period, including access to bank credit, government support through grants and shareholder backing by way of pre-**[REDACTED]** investments, our Directors believe we have adequate alternative financing options when necessary, in the event of higher than expected funding needs or a delay in the **[REDACTED]**, and nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on aforesaid view of the Directors.

KEY OPERATING METRICS

The table below sets forth our operating metrics about customers during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
GNSS chip and modules			
Number of customers	70	67	74
Number of new customers	33	31	33
Revenue from customers *(RMB'000)*	100,022	139,654	241,526
Revenue generated per customer *(RMB'000)*	1,429	2,084	3,264
GNSS-related solutions[(1)]			
Number of customers	235	229	210
Number of new customers	128	115	103
Revenue from customers *(RMB'000)*	67,443	98,531	91,223
Revenue generated per customer *(RMB'000)*	287	430	434
Comprehensive chips and modules			
Number of customers	94	84	91
Number of new customers	45	44	56
Revenue from customers *(RMB'000)*	477,671	602,101	681,401
Revenue generated per customer *(RMB'000)*	5,082	7,168	7,488

Note:

(1) The operating metrics about customers of our GNSS-related solutions business and the operating metrics about projects of our GNSS-related solutions business are essentially numerically identical, as each project primarily represents a customer in our GNSS-related solutions business. Although there are a few instances where a single customer corresponds to multiple projects in our GNSS-related solutions business, this does not have a material impact on the overall analysis of the fluctuation of the operating metrics about the customers and the operating metrics about projects of our GNSS-related solutions business.

GNSS Chips and Modules

Number of customers. The number of customers of our GNSS chips and modules slightly decreased from 70 in 2023 to 67 in 2024 primarily in relation to our strategic refinement, whereby we have sharpened our focus on specific, high-potential application scenarios. As part of this process, business engagements with low-quality direct customers have been gradually scaled down. The number of customers of our GNSS chips and modules further increased 67 in 2024 to 74 in 2025 mainly due to our efforts to expand customer base.

Number of new customers. For the year ended December 31, 2023, 2024 and 2025, the number of new customers of GNSS chips and modules was 33, 31 and 33, respectively, primarily driven by the strategic onboarding of customers and distributors with relevant market experience, in line with our development strategy.

Revenue generated per customer. For the year ended December 31, 2023 and 2024, the revenue per customer of GNSS chips and modules business grew significantly from RMB1.4 million in 2023 to RMB2.1 million in 2024, attributable to the strategic shift towards more focused application scenarios and an optimized customer and distributor structure, which resulted in higher-yielding client relationships. This positive momentum continued into the following year, with per-customer revenue reaching RMB3.3 million in 2025.

GNSS-related solutions

Number of customers. For the year ended December 31, 2023, 2024 and 2025, the number of customers for GNSS-related solutions business was 235, 229 and 210, respectively. Our customers for such business line consist primarily of government departments, state-owned enterprises, and private companies across various regions, who have stable demands for our GNSS-related solutions.

Number of new customers. For the year ended December 31, 2023, 2024 and 2025, the number of new customers for GNSS-related solutions business was 128, 115 and 103, respectively. The decrease in the number of new customers was primarily due to the project-based nature of the GNSS-related

solutions business, which often involves disaster prevention and mitigation initiatives with a typically uncertain duration period. As these projects are not annually recurring for most clients, a significant portion of the customer base is naturally replenished each year.

The number of customers and new customers for our GNSS-related solution business experienced a continuous decline during the Track Record Period, primarily because we allocated substantial resources to the forestry monitoring project, resulting in decreased resource allocation toward other projects. As GNSS-related solutions were primarily project-based and non-recurring, driven largely by successful competitive bidding, the diversion of resources led to a lower volume of new customers. Accordingly, both the number of customers and new customers decreased.

Revenue generated per customer. In 2023, 2024 and 2025, the revenue generated per customer for GNSS-related solutions business remained relatively stable at RMB0.3 million, RMB0.4 million and RMB0.4 million, respectively.

Comprehensive Chips and Modules

Number of customers. The number of customers of comprehensive chips and modules business line was 94, 84 and 91 for the year ended December 31, 2023, 2024 and 2025. The decrease in 2024 was primarily attributable to our enhanced financial risk management measures, including a review and optimization of our customer base following the adoption of trade receivables insurance coverage, whereby we entered into agreements with insurance providers to transfer the credit risks from qualified customers, under the condition that our customers default on payments or face insolvency, thereby protecting our receivables. The subsequent increase in 2025 was mainly driven by our continued business expansion and improved market penetration, which led to the acquisition of new customers.

Number of new customers. The number of new customers of comprehensive chips and modules business line was 45, 44 and 56 for the year ended December 31, 2023, 2024 and 2025. The decrease in the number of new customers of comprehensive chips and modules in 2024 was a result of our elevated admission criteria for new customers in order to strengthen our financial risk management The increase in 2025 was due to our efforts to expand the customer base of comprehensive chips and modules business..

Revenue generated per customer. The revenue generated per customer of comprehensive chips and modules business line was RMB5.1 million, RMB7.2 million and RMB7.5 million for the year ended December 31, 2023, 2024 and 2025, respectively, demonstrating a consistent upward trajectory. Such increasing trend was primarily due to (i) our ability to cross-sell additional product lines to existing clients due to high service satisfaction, and (ii) an increase in the procurement volume from certain of our satisfied existing customers.

DESIGN AND R&D

We possess in-depth knowledge of the features, functionalities, markets, customer needs and applications of navigation and positioning products, based on which we perform product iteration, product definition and design of new products and R&D activities. Our design and R&D of GNSS chips and modules are carried out as a group effort in close collaboration between our different teams. Our products team is responsible for products definition, interacting with our customers, enabling our R&D team to acknowledge the customers' needs and application scenarios and passing on our R&D team's technical opinions to our customers. Our production team is responsible for our communication with our fab suppliers and loop in our R&D team when encountering technical issues. Our supply chain team is responsible for screening fab suppliers, reporting the offered price and fab suppliers' performance to our R&D team. Our sales and marketing team mainly deals with customers' problems and provides after-sales services. We believe such effective and seamless collaboration between our internal team directly contributes a successful and smooth IC design.

Our GNSS Chip Design Platform

We have built a comprehensive GNSS chip design platform integrating advanced chip design software, IP modules and design functionalities, with a focus on designing navigation and positioning chips. This platform comprehensively covers the three critical processes of chip design, chip simulation,

chip verification and testing in IC design, which enables us with large-scale design capability. Our GNSS chip design platform encompasses a library of components, including RF modules, ADC sampling modules, anti-interference modules, digital capture and tracking modules, as well as digital baseband algorithm processing modules, positioning algorithm modules, and power management modules. These components and modules in connection with navigation and positioning chips design are all self-developed by us, except for IP-licensed components like CPUs, and are covered by our proprietary patents and copyrights. See "— Intellectual Property." Our GNSS chip design platform utilizes a modular design architecture which makes our design process efficient and cost-effective.

Our R&D Process for GNSS Chips

Our R&D team for GNSS chips and modules conducts technical feasibility studies in line with our overall business strategy and leverages our IP resources to develop products that meet market demand. We have established a structured product development and design management system covering key stages from project planning and concept design to chip design, testing and evaluation, customer trials and mass production. This process enables us to define technical specifications, carry out design and development, validate product performance and support commercialization, thereby enhancing development efficiency, success rates and product quality.

Our R&D Process for GNSS-related solutions

We have established a structured product development and design management system in connection with GNSS-related solutions. Below sets forth the key stages of our daily R&D workflow, including requirements identification stage, project planning and establishment stage, R&D stage, verification stage and go-live maintenance, among others.

- ***Requirements identification stage***. By conducting market research, competitive product analysis and industry trend research, our R&D members primarily determine the product positioning and core functions, including the performance metrics, appearance requirements and cost budget of the products before producing the "Market Requirement Documents." After the cross-departmental review, our R&D members confirm the technical feasibility, resource matching and prioritization of the products, and form the "Product Requirements Specification."
- ***Project planning and establishment stage***. We conduct a feasibility assessment, which includes evaluating the technical feasibility, assessing the resources required for product development, and conducting relevant risk assessments. A project proposal based on the aforementioned feasibility assessment will be submitted to the management for review and approval, to confirm the project budget, milestones and KPIs (e.g. mass production time, yield target). Once the project planning review is approved, we will establish a project development team, comprising hardware engineers, structural engineers, procurement staff, production staff, and quality assurance staff, among others.
- ***Development stage***. During the development stage, our products undergo three key phases, namely engineering verification testing, design verification testing and production verification testing. Engineering verification testing involves hardware, structural and firmware development, culminating in the production of an initial prototype for functional validation. Design verification testing focuses on comprehensive testing (including environmental, electromagnetic compatibility and safety tests), design optimization and finalization. Production verification testing involves small-batch trial production to validate manufacturing processes, assess production efficiency and yield, and address issues in assembly and production, based on which the feasibility of mass production is confirmed.
- ***Verification and mass production stage***. The produced prototype will be delivered to our customer for testing. Once the prototype passes the test, our customer will need to sign the acceptance confirmation, and we will then carry out the mass production. Before the mass production, we will sign purchase contracts with suppliers to ensure sufficient material

preparation. We also provide technical training to the factories responsible for production and set up standard operating procedures (SOPs) and quality control inspection standards. During the mass production, we will monitor the product yield and delivery progress.

- ***Maintenance and optimization stage***. Our after-sales support staff will handle user feedback and provide technical repairs, firmware upgrades and other services. We also track and analyze the problems that occur and analyze the root cause of the returned products. In addition, we will carry out iterative optimization of hardware and product versions, including optimization of circuit design, replacement of cost-effective materials, and planning for the next generation of products based on market feedback.

Our R&D Team

Development of GNSS chips and modules require excellent IC architecture design capabilities and sufficient experience along with a thorough, in-depth and systematic understanding of IC products and functionalities. We are supported by a robust R&D team led by Mr. Hau Ka Wai, our chief technology officer, for the R&D of GNSS chips and modules of 78 dedicated employees located in Beijing, Shanghai, Shenzhen and Hong Kong as of December 31, 2025. Many of our R&D staff are semiconductor engineers with profound expertise in technology and material innovation. Over 50% of them hold a master's degree or above and over 70% of them bring over three years of tenure with our Company as of December 31, 2025. We also have a dedicated R&D team for our GNSS-related solutions, comprising 30 employees located in Shanghai as of December 31, 2025.

Our R&D team members keep abreast with new technological trends by receiving on-the-job training. Further, from time to time, we invite industry experts from external institutions to provide advisory insights for our R&D teams. We also exchange ideas and thoughts on R&D progress or latest market trends by attending industry forums. We consider our communication with industry experts and participation in industry events helpful to our R&D activities. We collaborate with various universities to conduct joint R&D programs relating to satellite navigation technologies.

PROCUREMENT

With respect to our GNSS chips and modules, we primarily focus on R&D, market expansion, and product sales, with all production processes outsourced. In relation to our GNSS chips, we adopt a fabless operation model. Based on our designed ICs, our procurement mainly involves wafer production, wafer packaging, and testing services. This process requires high dependency on suppliers. We have established long-term, stable partnerships with high-quality wafer foundries, packaging factories, and testing facilities to ensure stable material supply and reliable product quality. In relation to our GNSS modules, we utilize an OEM collaboration model. As the brand owner, we complete the circuit design for module products, procure key materials and entrust third-party manufacturers to process and produce the finished modules. During the Track Record Period, we primarily procured (i) foundry-manufactured wafers with completed built-on circuits designed by us from a renowned foundry located in Taiwan and other foundries located in Chinese Mainland, the packaging and testing of which were entrusted to third party factories located in Chinese Mainland and (ii) electronic components in connection with our GNSS chips and modules from manufacturers located Hong Kong and Chinese Mainland. Our suppliers are primarily located in Hong Kong, Chinese Mainland, Taiwan, Japan and Singapore. During the Track Record Period, our procurement from Hong Kong amounted to RMB471.7 million, RMB517.8 million and RMB529.7 million, respectively, accounting for 69.3%, 61.6% and 51.7% of our total purchase in the same year. During the Track Record Period, our procurement from Chinese Mainland amounted to RMB169.3 million, RMB292.5 million and RMB426.9 million, respectively, accounting for 24.9%, 34.8% and 41.7% of our total purchase in the same year. During the Track Record Period, our procurement from Taiwan amounted to RMB33.8 million, RMB24.4 million and RMB65.7 million, respectively, accounting for 5.0%, 2.9% and 6.4% of our total purchase in the same year. During the Track Record Period, our procurement from Japan amounted to RMB0.7 million, RMB3.2 million and nil, respectively, accounting for 0.1%, 0.4% and nil of our total purchase in the same year. During the Track Record Period, our procurement from Singapore amounted to RMB5.1 million, RMB1.6 million and RMB2.7 million, respectively, accounting for 0.7%, 0.2% and 0.3% of our total purchase in the same year.

The purchase price of wafers is primarily affected by manufacturing processes adopted by foundries that fabricate silicon wafers into ICs or wafers with specific functions and application scenarios as well as the market demand of foundries' manufacturing capacity. Generally speaking, more complicated manufacturing processes adopted by foundries in accordance with the specific IC design requirements lead to higher prices of untested wafers. For example, a wafer with more stringent requirements for size and integration level costs a higher purchase price. As we operate with a fabless model in relation to GNSS chips and modules, we are affected by the fluctuations in the purchase price of wafers. The global semiconductor fabrication services industry operates in cycles. To manage the raw material cost, we usually pre-order wafers based on our anticipated product mix and delivery schedule. We cannot assure that the average overall purchase price may or may not increase after our pre-ordered patterned wafers are fully utilized, as the average overall purchase price is affected by various factors that are beyond our control. However, with effective procurement and inventory management, we believe we are able to continue to mitigate our potential exposure to fluctuation in procurement cost. In addition, we have adopted long-term procurement planning and, where practicable, entered into selective fixed-price arrangements with certain suppliers to reduce the impact of raw material price volatility. We also adjust our product portfolio and strengthen our pricing power with customers to partially offset cost-side pressure, leveraging our growing shipment scale and bargaining position in the supply chain.

With respect to our GNSS-related solutions, we primarily procure third-party sensors and collectors, battery packs, shell structural parts for processing, circuit boards, GNSS high-precision antennas and modules, and electronic components, from third-party manufacturers. With respect to our comprehensive chips and modules business, we primarily procure communication chips and modules, storage chips and modules, and RF chips from third party chip and module manufacturers.

Our procurement team is responsible for formulating procurement plans based on input from our sales and marketing and R&D teams, liaising with suppliers, placing orders and following up on deliveries. Our procurement process comprises three key phases. First, we formulate procurement plans through regular coordination with internal departments, taking into account distributor inventory levels, semi-finished products and projected customer demand, with procurement requests subject to internal approval procedures and annual budgeting. Second, based on such plans, we procure wafers manufactured by third-party foundries using our circuit designs and engage third-party service providers for packaging and testing, with the overall manufacturing process typically taking three to four months. Third, once the wafer manufacturing is complete, the manufactured wafers will be shipped directly to third party facilities for inspection and chip probing to ensure product quality.

OUR SUPPLIERS

Our suppliers primarily include foundries, manufacturers of navigation and positioning chips peripherals, as well as companies engaging in chip verification and testing related industries as well as third-party chip and module manufacturers in relation to our comprehensive chips and modules business. During the Track Record Period, our purchases from our five largest suppliers in each year accounted for 71.3%, 64.4% and 63.0% of our total purchases in 2023, 2024 and 2025, respectively, while our purchase from the largest supplier in each year accounted for 39.7%, 33.8% and 31.9% of our total purchases, respectively, for the same year. During the Track Record Period, our suppliers generally granted us a credit term of 0 to 90 days.

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

For the year ended December 31, 2023

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[1]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	270,506	39.7%
2.	Supplier B[2]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	110,499	16.2%
3.	Supplier F[4]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	54,346	8.0%
4.	Supplier C[3]	Raw materials in our GNSS chips, modules and related solutions business	2017	Prepayment	Bank transfer	32,879	4.8%
5.	Supplier G[5]	Chips and modules in our comprehensive chips and modules business	2023	Prepayment	Bank transfer	17,587	2.6%
	Total					**485,817**	**71.3%**

For the year ended December 31, 2024

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[1]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	284,049	33.8%
2.	Supplier B[2]	Chips and modules in our comprehensive chips and modules business	2021	Payment within seven days following the delivery	Bank transfer	127,775	15.2%
3.	Supplier F[4]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	64,509	7.7%
4.	Shenzhen Water World Information Co. Ltd. (深圳市水世界信息有限公司)[6]	Foundry service in our GNSS chips, modules and related solutions business	2021	Payment within seven days following the delivery	Bank transfer	33,880	4.0%
5.	Supplier H/ Customer I[7]	Chips and modules in our comprehensive chips and modules business	2024	Payment within seven days following the invoice date	Bank transfer/Bills	31,189	3.7%
	Total					**541,402**	**64.4%**

For the year ended December 31, 2025

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[(1)]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	327,718	31.9%
2.	Supplier F[(4)]	Chips and modules in our comprehensive chips and modules business	2021	Payment	Bank transfer	120,165	11.7%
3.	Supplier B[(2)]	Chips and modules in our comprehensive chips and modules business	2021	Payment within seven days following the delivery	Bank transfer	79,469	7.7%
4.	Supplier C[(3)]	Raw materials in our GNSS chips, modules and related solutions business	2017	Prepayment	Bank transfer	65,645	6.4%
5.	Supplier H/ Customer I[(7)]	Chips and modules in our comprehensive chips and modules business	2024	Payment within seven days following the invoice date	Bank transfer/Bills	54,553	5.3%
	Total					**647,550**	**63.0%**

Notes:

(1) A Shanghai-headquartered company focusing on R&D and technological innovation of wireless chips with total assets of RMB6.5 billion as of December 31, 2024, engaged in wireless communications and manufacturing of semiconductor products, established in 2015 and listed on the Shanghai Stock Exchange.

(2) A Shenzhen-headquartered globally leading branded independent semiconductor memory product enterprise with total assets of RMB16.9 billion as of December 31, 2024, offering comprehensive solutions across the memory value chain, established in 1999 and listed on the Shenzhen Stock Exchange.

(3) A Taiwan-headquartered globally leading dedicated IC foundry in the semiconductor industry with total assets of US$204.2 billion as of December 31, 2024, established in 1987 and listed on the Taiwan Stock Exchange and New York Stock Exchange.

(4) A Shenzhen-headquartered enterprise with the registered capital of RMB414.4 million, specializing in the R&D and sales of high-performance RF front-end chips and module products, established in 2017.

(5) A Hong Kong-based private company limited by shares, established in 2013.

(6) A Shenzhen-based company with the registered capital of RMB20.0 million, mainly engaged in the manufacturing of computers, communications and other electronic equipment industry, established in 2020.

(7) A leading global provider of total solutions for the IoT with the total assets of RMB13.0 billion as of December 31, 2024, established in 2010 and listed on the Shanghai Stock Exchange.

We acquainted our five largest suppliers, during the Track Record Period primarily through direct marketing efforts or referrals. These referrals mainly came from our existing business partners, close clients, or industry peers who introduced us to potential suppliers based on mutual business interests.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest suppliers in each year during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contracts on the part of our suppliers, or delay in delivery of our orders from our suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned suppliers.

Key Terms of Procurement Agreements with Suppliers

We have entered into procurement agreements with our suppliers, the key terms and conditions of which are summarized as follows:

- *Procurement.* We may place orders from time to time, which primarily includes unit price, quantity of units, purchase amount, delivery of products and settlement of payment. Suppliers generally do not impose requirement of minimum purchase amount on us.
- *Product return.* Products can be returned within a specified period if there are quality problems.
- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party.
- *Termination.* The agreements we entered into with our major suppliers are typically effective for one to three years. The procurement agreement may be terminated (i) upon mutual consent of both parties; (ii) in the event of a force majeure; and (iii) by the non-defaulting party in the event of a material breach.
- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during our agreement term, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to initiate arbitration.

Key Terms of Agreements with Chip Packaging and Testing Service Providers

We have entered into framework agreements with chip packaging and testing service providers, the key terms and conditions of a typical agreement (with Company T) are summarized as follows:

- *Scope of Services*. Company T provides packaging and testing services for our chips in accordance with our technical specifications.
- *New Project Costs.* We bear initial engineering, tooling and development costs for new projects.
- *Yield and Quality.* Agreed yield rates are set out in a separate quality agreement. Losses within specified tolerances are acceptable; excess losses are borne by Company T.
- *Orders and Delivery.* We provide monthly forecasts and purchase orders, which Company T must confirm promptly. Subcontracting is prohibited without our consent. Delivery delays are subject to penalties and may lead to termination if prolonged.
- *Materials and Inspection.* We supply qualified chips and key raw materials; Company T conducts incoming inspections.
- *Payment Terms.* Fees are settled monthly, payable within 30 days of invoice issuance.
- *Intellectual Property and Confidentiality.* Technical information remains our property, and Company T may only use it for contractual purposes.
- *Liability.* Company T is responsible for losses caused by quality issues, excess material wastage, or breach. Packaged products carry a warranty period of two years.
- *Term.* The agreement is effective for three years and renews automatically unless terminated by written notice.

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

During the Track Record Period, our products and solutions were primarily sold in the PRC. Our revenue from sales to customers in Chinese Mainland and Hong Kong amounted to RMB640.1 million, RMB836.4 million and RMB1,009.1 million, respectively, accounting for 99.2%, 99.5% and 99.5%, respectively, of our total revenue in 2023, 2024 and 2025.

We market our products and solutions through our sales and marketing team, which is responsible for identifying suitable potential markets and customers. Our dedicated sales and marketing team is responsible for formulating and coordinating marketing activities and promotion campaigns. Our sales and marketing members are equipped with knowledge and expertise about our products and solutions, and are able to identify the requests of downstream customers and provide technical support. They stay abreast of emerging products and technologies that appeal to our existing and potential customers and provide our customers with pre-sale consultations and recommendations tailored to their needs. As of December 31, 2025, our sales and marketing team consisted of 56 members who worked closely with other teams as well as our distributors to execute our marketing strategies.

In the highly competitive GNSS spatial positioning services industry, our approach to pricing negotiations with downstream customers is both strategic and collaborative. For details, see "Industry Overview — Overview of the China's GNSS Spatial Positioning Service Industry — Price Trend of China's GNSS Chips." Our negotiation strategy is typically anchored on three core value propositions: superior service, product performance, and flexible commercial terms. We highlight our local customer service teams, who provide 24/7 technical assistance to promptly address customers' needs. In addition, we articulate the tangible advantages of our proprietary GNSS chips and modules, such as lower power consumption and higher yield, which translate directly into cost savings and reliability for our customers' end products. Finally, we structure tiered pricing models that reward higher volume commitments with more favorable terms.

When a customer proposes a target price, we assess it against prevailing market benchmarks for comparable GNSS chips and modules and, where reasonable, seek to reach agreement, with greater flexibility provided to strategic customers whose partnerships are important to our market position. Where proposed prices deviate significantly from our standard pricing, we adopt a holistic approach to support customers' cost objectives, such as optimizing system design, reducing accessory costs or offering bundled solutions through our broader product portfolio. We help relax antenna performance requirements at the chip level, compensate through RF design and algorithms, and drive the simplification of antenna form factors and architectures. This allows our customers to use antennas that are cheaper, simpler and smaller, without compromising positioning accuracy or availability. In turn, it helps our customers reduce the cost of GNSS antenna accessories. Any pricing concession is made as part of a value exchange, typically involving reciprocal commitments such as longer-term cooperation, increased procurement allocation or collaboration in marketing and technology development, thereby strengthening long-term partnerships. Under our GNSS chips, modules and related solutions business line, we adopt a combination of distributorship and direct sales models for GNSS chips and modules, and a direct sales model for GNSS-related solutions, while under our comprehensive chips and modules business line, we primarily adopt a direct sales model.

The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the years indicated:

	Year ended December 31					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
GNSS chips, modules and related solutions						
Distribution	62,905	9.8	80,057	9.5	75,283	7.4
Direct sales	104,560	16.2	158,128	18.8	257,466	25.4
Subtotal	167,465	26.0	238,185	28.3	332,749	32.8
Comprehensive chips and modules (direct sales)	477,671	74.0	602,101	71.7	681,401	67.2
Total	645,136	100.0	840,286	100.0	1,014,150	100.0

Our Distribution Channels

During the Track Record Period, we sold and marketed certain of our GNSS chips and modules through third-party professional distributors. After purchasing the navigation and positioning products from us, our distributors may at their discretion perform onward sales to their respective downstream customers. Our distributor customers primarily engage in distribution and sales of GNSS chips and modules. In 2023, 2024 and 2025, our total sales to distributors amounted to RMB62.9 million, RMB80.1 million and RMB75.3 million, respectively, accounting for 9.8%, 9.5% and 7.4%, respectively, of our total revenue for the corresponding years. For details of the principal businesses of our major distributor customers during the Track Record Period, see "— Our Customers."

Distributors Management

We consider a number of factors in selecting distributors, including their business scale overall business management and financial performance, among others. As advised by CIC, our distributorship model is in line with industry norm.

We sell our GNSS chips and modules to our distributors in accordance with the terms in our distribution agreements with the purchase amounts as specified in purchase orders based on the demand of our distributors, and do not impose minimum purchase or sales targets on our distributors. For details of the salient terms of such distribution agreements with our distributors during the Track Record Period, see "— Key Terms of Distribution Agreements." Our products are physically delivered to the distributors when they make purchases from us. We recognize revenue when the distributors take possession of and accept the products. During the duration of our distribution agreements, our distributors are generally not allowed to return any unsold products to us. Product return policies are not applicable in our distribution agreements with our distributors, except that our distributors may negotiate with us on return and indemnification of defective products due to our faults according to relevant laws and regulations, in line with the industry norm. During the Track Record Period, due to long-term cooperation relationships with certain customers, we occasionally permitted a limited number of product returns not related to quality defects, which were considered normal commercial arrangements in the industry. The return amounts represented approximately 1% of our total revenue during the Track Record Period, which we consider immaterial.

All of our distributors are our customers and we maintain a seller-buyer relationship with them. Though our distributors maintain a "buy-out" model with us, we may check our distributors' inventory level, as regulated in our "Distributors Management Policy" and agreed by our distributors. Under our Distributor Management Policy, we maintain regular communication with distributors and require periodic sales reports to monitor their inventory and sales performance. For module products, we generally adopt a production-to-order model with a minimum order quantity of 10,000 units, and apply an engineering batch fee of RMB2,000 for smaller orders, unless such orders can be combined with

other customer demand. In contrast, chip products have higher compatibility and we maintain a certain level of safety stock, and therefore no minimum order quantity is required. In addition, we have effective inventory control system. For details, see "— Inventory Management." During the Track Record Period, to the best knowledge of our Directors, there was no material channel stuffing issue and cannibalization risks among our distributors as a result of their "buy-out" model with us. Our Internal Control Consultant reviewed our distributor management policies in September 2024, and no material deficiency has been identified by the Internal Control Consultant.

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates.

The below table sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period	8	13	18
Number of terminated distributors for the period	—	—	8
Increase (or decrease) in number of distributors for the period	5	5	2
Number of distributors at the end of the period	**13**	**18**	**12**

In general, we maintain good business relationship with our current distributors during the Track Record Period. In 2023, 2024 and 2025, we engaged five, five and two new distributors respectively. We review our business relationship with distributors through periodic assessment. In 2025, we terminated business relationships with eight distributors following our periodic assessments, as they did not meet our selection and performance criteria.

Through our distribution channels, we are able to focus on the design aspects of GNSS chips and modules and optimize our design capabilities. Going forward, we aim to attract and establish long-term business relationship with new distributors by expanding our sales and marketing team, participating in industry exhibitions, strengthening our brand promotion, providing sufficient technical support and after-sales services, and collaborating with top market players in the industry.

Subsequent Sales of Our Products to Downstream Customers

Our major distributors primarily sell our GNSS chips and modules to their respective customers across the following fields, including transportation (transportation management, bike-sharing and intelligent driving), consumer electronics (smartphone, IoT and wearable devices) and environmental monitoring and early warning (meteorological detection and deformation monitoring). The customers of these industries comprise our major downstream customers. These downstream customers purchase our products to equip their self-branded products for navigation and positioning purpose. Based on the information provided by our distributors, during the Track Record Period, the revenue contribution from our major downstream customers experienced continuous increase, which was in line with our business growth. The revenue derived from downstream customers of transportation sector accounted for a substantial amount of our revenue generated from our GNSS chips, modules and related solutions business.

Key Terms of Distribution Agreements

We have entered into typical framework distribution agreements with our distributor customers. The key terms and conditions of our framework distribution agreements with our distributor customers are summarized as follows:

- *Purchases.* The purchase amount is specified in purchase orders to be placed by the distributor customers of our Group. We typically do not impose requirement of minimum purchase amount.
- *Selling prices.* The prices of our products are specified in purchase orders.
- *Business model.* The distributor customers and us operate under the "purchase and resell" model. The distributor customers pre-order the products and resell them to downstream customers who need to be acknowledged and approved by us in advance, and the distributor customers pay us for the required products in the agreed manner.
- *Obligations of each party.* We deliver the products in the manner agreed upon in each purchase order, and furnish them with the current price and product information. We ensure that the products fully comply with the technical specifications we have established. Our distributor customers use their best efforts to promote the distribution of our products and shall have field application engineers (FAEs) to provide effective support for our products in order to promptly respond to technical problems encountered by our downstream customers. Our distributor customers are obligated to inspect the materials upon the arrival of the products at the warehouse or designated location. Our distributor customers are required to comply with the distributor management approach developed and implemented by us.
- *Risk allocation.* Control of the products shall be passed to our distributor customers upon the products are delivered to the designated location. The risk of damage to, or loss of, the products shall be borne by our distributor customers upon delivery.
- *Warranty and product return.* Warranty term is one year, effective from the receipt of the delivery. Our distributor customers may deliver the defective products to our designated locations for our detection and analysis, and we shall repair or replace the defective products if the issues are confirmed to have arisen from quality reasons.
- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party without the prior written consent of the other party.
- *Renewal and termination.* Each of our framework distribution agreements with our distributor customers remains effective for one year and will be automatically renewed, unless either party intends to terminate by giving prior written notice before the agreement expires. The framework distribution agreement may be terminated (i) upon mutual consent of both parties; (ii) in the event of a force majeure; and (iii) by the non-defaulting party in the event of a material breach.
- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during the term of the framework distribution agreements, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to submit the dispute to Shenzhen Arbitration Commission.

Our Direct Sales

Under our direct sales model, we directly acquire new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts. All of our direct sales during the Track Record Period were derived from downstream customers without involving any distributor. In 2023, 2024 and 2025, our direct sale revenue amounted to RMB582.2 million, RMB760.2 million and RMB938.9 million, respectively, accounting for 90.2%, 90.5% and 92.6%, respectively, of our total revenue for the corresponding years.

Our direct sale customers are primarily comprised of (i) customers of our GNSS chips and modules, (ii) public enterprises and government institutions of our GNSS-related solutions, which are mainly engaged in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and vehicle monitoring sectors, and (iii) customers from our comprehensive chips and modules business, which are mainly engaged in consumer electronics and transportation industries. Certain of our direct sale customers of our GNSS chips and modules may resell our products without our knowledge. For details of the principal businesses of our major direct sale customers during the Track Record Period, see "— Our Customers." We consider it critical to diversify our revenue stream and plan to deepen our collaboration with existing direct sale customers and attract and establish long-term business relationship with new direct sale customers in the near future.

The salient terms of our standard direct sales agreements in connection with GNSS chips and modules during the Track Record Period are set out below:

- *Procurement:* The purchase amount, unit price, quantity, delivery terms and payment settlement are specified in the direct sales agreement or purchase order. We typically do not impose a minimum purchase requirement.
- *Payment and credit term:* Payment is due when direct sales customers confirm acceptance of our products. We generally grant a credit period of approximately 0 to 60 days from the date of billing.
- *Obligations of each party:* We deliver products in accordance with the terms agreed upon in each direct sales agreement or purchase order, ensuring that the products meet the mutually agreed-upon quality standards. Our direct sales customers are responsible for inspecting the products upon delivery at the designated location.
- *Risk allocation:* The risk of damage to or loss of the products is transferred to the direct sales customer upon its acceptance of delivery.
- *Warranty and product return:* The warranty term is one year from the date of delivery. If defects are confirmed to be due to quality of the products, we will repair or replace the defective products and cover the shipping cost for the replacement within the warranty period.
- *Dispute resolution:* In the event of any dispute arising from the enforcement of any agreement during the term of the direct sales agreement, both parties agree to resolve the matter amicably through negotiation.

The salient terms of our standard direct sales agreements in connection with GNSS-related solutions during the Track Record Period are set out below:

- *Term*: The duration of the agreements with our GNSS-related solutions customers typically ranges from one to three years and on project basis.
- *Respective roles and responsibilities:*

  Under our project arrangements, we are generally responsible for providing and installing GNSS equipment and delivering services in accordance with the relevant agreements. We assign experienced personnel to project execution and do not replace key personnel without prior customer consent, regularly update customers on project progress, accept supervision and consider reasonable feedback, provide necessary implementation support, and prepare and deliver project reports within the agreed timeframe.

  Our customers are typically responsible for providing the necessary information for project implementation within the agreed timeframe, as well as conducting assessments of the GNSS equipment and solutions delivered and raising any concerns, if applicable, within the period specified in the agreements.

- *Payment schedule*: We are typically entitled to (i) an upfront payment or initiation payment within a specified time period following the effectiveness of the relevant agreements, and (ii) typically one or more milestone payments when the relevant projects reach certain development milestones or events specified in the relevant agreements.
- *Confidentiality*: We are obligated to keep confidential any information related to the performance of the agreements, including but not limited to the confidential information received from the customers, except when we obtain prior written consent from the customers or are required to disclose such confidential information by competent authorities.
- *Dispute resolution:* In the event of any dispute related to product quality, state-recognized quality testing organizations shall assess the product quality in accordance with national standards. In the event of any dispute related to the enforcement of any agreement during the term of the direct sales agreements, both parties shall negotiate amicably.

The salient terms of our standard direct sales agreements in connection with comprehensive chips and modules business during the Track Record Period are set out below:

- *Procurement*: The purchase amount, unit price, quality, delivery terms and payment settlement are specified in the direct sales agreement or purchase order. We typically do not impose a minimum purchase requirement.
- *Payment and credit term:* Payment is settled on a monthly basis based on orders which have been accepted. We generally grant a credit period of approximately 0 to 90 days from the date of billing.
- *Obligations of each party:*

  We deliver the products in accordance with the terms agreed upon in each purchase order and provide a delivery order with product-related information, such as order number, product number, and quantity.

  We ensure that the products fully comply with the quality standards mutually agreed upon.

  Our direct sales customers are responsible for inspecting the products upon arrival at the designated location.
- *Risk allocation:* The risks are transferred to the direct sales customers upon their acceptance of delivery.
- *Liability for contract breach:* If we fail to deliver the products on time without prior written notice, we are generally required to pay our direct sales customers liquidated damages for the delay in delivery. The terms may also provide for liquidated damages accrued at a daily rate ranging from 0.1% to 5% of the contract amount in case of late delivery.
- *Warranty and product return:* The warranty term is one year, effective from the receipt of the delivery. In the event of a quality issue, we are obligated to provide a response and resolution within 48 hours of receiving notification, repair or replace the defective products within the warranty period.
- *Dispute resolution:* In the event of any dispute related to the enforcement of any agreement during the term of the direct sales agreement, both parties shall negotiate amicably.

Third-party Payment Arrangement

Background

During the Track Record Period, certain customers in our comprehensive chips and modules business (the "**Relevant Customers**") settled their payments with us through third parties designated by such customers (the "**Third-party Payment Arrangement**"). In 2023, 2024 and 2025, 20, 15 and 15 customers, respectively, settled payments totaling approximately RMB174.7 million, RMB143.7 million and RMB177.4 million through an aggregate of 58 designated third parties. Among these amounts, RMB61.7 million, RMB36.1 million and RMB82.1 million, respectively, were settled without proper

designation letters prior to payment (the "**Unauthorized Payment Arrangements**"). The remaining payments were made through properly designated third-party payors in accordance with our verification process. The aggregate transaction amount subject to Third-party Payment Arrangements during the Track Record Period was approximately RMB495.8 million, representing approximately 19.8% of our total revenue for the same period, and the proportion of such arrangements has decreased significantly over time.

The third parties which settled payments on behalf of the Relevant Customers under the Third-party Payment Arrangement (the "**Third-party Payors**") primarily comprised: (i) supply chain service providers and (ii) downstream customers of the Relevant Customers. Our Group would only recognize payments from the Third-party Payors after we verified the payment details with the Relevant Customers, which would be applied to reduce the corresponding account receivables due to the Relevant Customers with our Group. Our Directors confirm that, to the best of their knowledge and belief and based on publicly available information, none of the Relevant Customers and the Third Party Payors were connected persons of our Group, nor were they associated with any of our Directors, senior management or Shareholders who owned more than 5% of our issued share capital.

Transaction Flow

Save for passively receiving the payment, we have not been involved in any arrangements between the Relevant Customers and their respective Third-party Payors pursuant to which the Third-party Payment Arrangements were made, nor have we been involved in any payment process or settlement procedures between them.

During the Track Record Period: (i) we did not proactively initiate or otherwise solicit the Third-party Payment Arrangement; and (ii) we did not offer any discounts, rebates, or other incentives to encourage the use of the Third-party Payment Arrangement.

Reasons for Utilizing Third-party Payment Arrangement

Our Directors confirm that the use of the Third-party Payment Arrangement during the Track Record Period was primarily for the purpose of facilitating the requests of the Relevant Customers who, for various administrative reasons as set out below, requested to settle the payment through third party payors. To the best knowledge of our Directors, some Relevant Customers preferred to use supply chain service providers for importing and exporting goods from Hong Kong into the Chinese Mainland, who also provided services such as settlement, customs clearance, commodity inspection, and transportation, thereby enhancing supply chain efficiency and reducing logistics costs. These supply chain service providers are mostly incorporated in Hong Kong with principal business of providing supply chain services. Furthermore, to the best knowledge of our Directors, certain Relevant Customers preferred to instruct their downstream customers to make direct payments to our Group out of convenience, so as to offset the amounts such downstream customers owed to such Relevant Customers, and streamlined their payment processes and reduced administrative burdens. As confirmed by CIC, it is common in the semiconductor distribution industry for customers to rely on third parties such as supply chain service providers or downstream customers to settle their payments with their suppliers.

Legal Compliance Relating to Third-party Payment Arrangement

Hong Kong

As advised by our Hong Kong Legal Counsel, the Third-party Payment Arrangement is subject to sections 25 and 25A of the Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) ("**OSCO**"), sections 25 and 25A of the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong) ("**DTRPO**") and sections 8A and 12 of the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) ("**UNATMO**"). Under the Organized and Serious Crimes Ordinance (OSCO) and the Drug Trafficking (Recovery of Proceeds) Ordinance (DTRPO), it is an offence to deal with property knowing or having reasonable grounds to believe that it represents the proceeds of an indictable offence or drug trafficking, and failure to disclose suspicions to an authorized officer may result in criminal liability. Similar prohibitions and disclosure obligations apply under the United Nations (Anti-Terrorism Measures) Ordinance

(UNATMO) in relation to terrorist property. Convictions under these ordinances carry severe penalties, including substantial fines and imprisonment. As advised by our Hong Kong Legal Counsel, no foreign exchange control policy is applied in Hong Kong.

Based on (i) our confirmation that after due and careful enquiry, we were not aware of any material non-compliance committed by the Relevant Customers and their designated Third-party Payors involved in the Third-party Payment Arrangement; (ii) searches against the Relevant Customers and their designated Third-party Payors involved in the Third-party Payment Arrangement do not reveal any disciplinary action and/or regulation violation records against them which is relevant to the Third-party Payment Arrangement; (iii) our confirmation that we have no knowledge and do not have reasonable grounds to believe that the payments made under Third-party Payment Arrangement represent any person's proceeds of an indictable offence or drug trafficking, or is terrorist property, our Hong Kong Legal Counsel is of the view that (i) there is no breach of the above-mentioned anti-money laundering laws and regulations in all material respects.

Since the Third-party Payors have been acting as the agents of the Relevant Customers as principal to settle the Relevant Customers' payments, any causes of action against the Group rest with the Relevant Customers, but not the designated Third-party Payors or their respective potential liquidators. In the premises, our Hong Kong Legal Counsel is of the view that the risk of successful claim by any of the designated Third-party Payors or their respective liquidators, and the risk of our Group being found obligated to return payments made by the designated Third-party Payors, is remote.

PRC

On the basis that (i) the relevant payments were based on *bona fide* underlying transactions and valid contracts during the Track Record Period, (ii) our Group would only recognize payments from the Third-party Payors after we verified the payment details with the Relevant Customers, and (iii) the Third-party Payment Arrangement is primarily for the purpose of facilitating the requests of the Relevant Customers, our PRC Legal Advisors are of the view that (i) the risk of our Group being subject to administrative penalties in violation of PRC laws and regulations related to foreign exchange in PRC under the Third-party Payment Arrangement is remote; (ii) the risks are remote for our Group to be found obligated to return funds to the Relevant Customers, their designated Third-party Payors, or their respective liquidators under the Third-party Payment Arrangement; (iii) the risk of money laundering under PRC laws related to the Third-party Payment Arrangement is remote. Our PRC Legal Advisors have further confirmed that under the Third-party Payment Arrangements, as structured, the Group did not contravene applicable PRC laws and regulations, and that the Group would not be subject to penalties or liabilities under PRC law in connection with such arrangements. Based on the foregoing, our Directors confirm that, (i) during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contracts, and (ii) the risk of committing crimes, such as fraud, money laundering crime or commercial bribery is remote.

Enhanced Internal Control Measures

Our Group is aware that transactions involving the Third-party Payment Arrangement may negatively affect our financial information and our normal business operations. Furthermore, misconducts involved during the settlement, such as embezzlement, fraud or other illegal activities, may significantly harm our reputation and brand image. For further information, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payment arrangements."

To safeguard our interest against risks associated with Third-party Payment Arrangement, since early 2025, we have significantly enhanced and implemented various internal control measures in order to properly manage the risks relating thereto. Our efforts include, among other things:

(i) we ceased to accept payments from Third-party Payors unless they are made upon customers' request accompanied with duly signed designation letters (the "**Delegation Proof**"), which must be based on *bona fide* underlying transactions and valid contracts and in line with the industry practice, as approved on a base-by-case basis (the "**Authorized Payment Arrangement**");

(ii) before accepting any Authorized Payment Arrangement, information of the designated Third-party Payors such as business registration, licenses and relationship proofs with the Relevant Customers shall be provided to our Group to assess whether the use of the Authorized Payment Arrangement is supported by genuine reasons, whether there is risk for accepting payments under the Authorized Payment Arrangement and whether the designated Third-party Payors are Independent Third Parties;

(iii) to the extent that such customers request to use the Authorized Payment Arrangement when the purchase agreements or orders are entered into, the relevant Delegation Proof which sets out identities of the Third-party Payors and period of authorization, must be attached to and form part of the purchase agreements or orders;

(iv) we will not accept payment when the authorization period of the Designation Proof expires without renewal;

(v) payment receipts made under the Authorized Payment Arrangement shall specify the sufficient details including the identities of the Third-party Payors which shall match the information set out in the corresponding Delegation Proof;

(vi) when accepting payments from Third-party Payors under the Authorized Payment Arrangement, we verify the payment details against the information in our system to ensure that such payments were settled through the designated Third-party Payors as specified in the Delegation Proof;

(vii) our employees are required to reject and/or return all payments made by payors and requests for payment arrangements to be made by third parties which are not our customers that fail to satisfy the abovementioned requirements; and

(viii) our employees are required to notify the above policies and measures to all customers prior to the entering into new purchase agreements and orders.

The internal control consultant performed a review of the internal control measures as described above on third-party payments and did not identify any material deficiencies. Our Directors are of the view that the enhanced internal control measures are effective and adequate and the risks relating to the payment arrangements made by third parties which are not our customers are properly managed going forward and have effectively mitigated money laundering and other risks associated therewith. Based on the above, to the best knowledge of our Directors, our Directors believe that the Third-party Payment Arrangement during the Track Record Period has been recorded completely and accurately in our accounting books and records in all material respects. Having considered the views of our PRC Legal Advisor and Hong Kong Legal Counsel, the review performed by our internal control consultant, and the independent due diligence procedures conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the views of our Directors as stated above in any material respect.

Termination of Third-party Payment Arrangement

To further strengthen compliance and risk control, we have formulated a comprehensive rectification plan to terminate all Third-party Payment Arrangements. As of the Latest Practicable Date, among our current customers, a total of 15 customers had made payments historically through the Third-party Payors (including those who settled with and without proper designation letters prior to payment). We have fully adopted a new settlement model starting from December 1, 2025. Under this model, no new sales orders approved after that date will be permitted to use any Third-party Payment Arrangement. Therefore, among these 15 customers, we ceased business transactions with a total of three customers who cannot settle with us directly. Our Directors confirm that there have not been any requests for the return of payments in connection with the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date and our Directors are of the view that there will not be any material risks on potential claims for return of payments in the future.

We have revised and implemented an updated financial management policy, which expressly prohibits any third-party payment on behalf of customers, to give effect to the aforesaid new settlement model starting from December 1, 2025. Under the new policy, all payments must be remitted directly from the bank account of the contracting customers to our designated account. The finance department is responsible for verifying each payment. If a cashier identifies any remittance from a non-contracted third party, the finance manager must immediately require the customers to re-make payment directly, and the previously received third-party payment will be refunded via the original payment channel without being recorded as the customer's receipt. The new policy is designed to ensure that all future settlements are handled strictly between contractual counterparties and to prevent any recurrence of Third-party Payment Arrangements.

Our Directors are of the view that the cessation of, and implementation of rectification measures for, the Third-party Payment Arrangements will not have any material adverse impact on our business operations or financial performance. We have ceased transactions in relation to our comprehensive chips and modules business with a total of three customers who in aggregated contributed RMB32.2 million, RMB23.5 million and RMB25.5 million, amounting to 5.0%, 2.8%, and 2.5% of our total revenue and RMB0.3 million, RMB0.8 million and RMB0.9 million, amounting to 0.4%, 1.0%, and 0.8% of our gross profit in 2023, 2024 and 2025, respectively. Among these three customers, two had contributed minimal transaction amounts and therefore no substantive impact on our revenue. One customer had a higher transaction volume, and the discontinuation of such relationship may result in a modest decrease in revenue in 2026. However, we have already expanded our sales to other customers within the same product line, and the expected increase in business volume from these customers is anticipated to offset the potential shortfall. We have also maintained close communication with key customers to ensure smooth transition to the new settlement model. Accordingly, our Directors consider that the rectification measures have been implemented in an orderly manner and will not materially affect our customer relationships, operations, or financial results. Having considered the aforesaid rectification measures, the impact of the customers which ceased transaction with our Group following the implementation, the review performed by our internal control consultant and other independent due diligence procedures conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the views of our Directors as stated above in any material respect.

OUR CUSTOMERS

Our customers primarily include manufacturers that utilize GNSS chips and modules as components, as well as distributors of chips and modules. Our GNSS chips, modules and related solutions business and comprehensive chips and modules business share common downstream customers such as Internet companies, communication equipment integrators (which typically design, assemble and deliver complete communication equipment systems by integrating various hardware and software components), IoT companies, and manufacturers of mobile phones, automobiles, modules and trackers. During the Track Record Period, revenue contributed from our five largest customers in each year accounted for 46.3%, 38.6% and 42.0% of our total revenue in 2023, 2024 and 2025, respectively, while the largest customer contributed 14.4%, 12.8% and 12.3% of our total revenue, respectively, for the same year. During the Track Record Period, we generally granted a credit term ranging from 0 to 90 days to our customers.

The following tables set out the details of our five largest customers in each year based on their revenue contribution during the Track Record Period:

For the year ended December 31, 2023

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer B[2]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2019	Direct sale customer	Monthly settlement within 60 days	Bank transfer	92,844	14.4%
2.	Shanghai INNOVATE8 TECH Co., Ltd. (上海創八通信科技有限公司)[4]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	30 days after service provided	Bank transfer	76,031	11.8%
3.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2020	Direct sale customer	Monthly settlement within 60 days	Bank transfer	70,426	10.9%
4.	Customer E[5]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	Monthly settlement within 45 days	Bank transfer	34,168	5.3%
5.	Customer F[6]	Chips and modules in our comprehensive chips and modules business	2022	Direct sale customer	30 days after service provided	Bank transfer	25,067	3.9%
	Total						**298,537**	**46.3%**

For the year ended December 31, 2024

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer B[2]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2019	Direct sale customer	Monthly settlement within 60 days	Bank transfer	107,841	12.8%
2.	Customer F[6]	Chips and modules in our comprehensive chips and modules business	2022	Direct sale customer	30 days after service provided	Bank transfer	65,962	7.8%
3.	Customer A[1]	Chips and modules in our comprehensive chips and modules business, standard precision chips and high precision chips in our GNSS chips, modules and related solutions business	2021	Direct sale customer	Monthly settlement within 60 days	Bank transfer	63,550	7.6%
4.	Customer G[7]	Chips and modules in our comprehensive chips and modules business, GNSS chips and modules in our GNSS chips, modules and related solutions business	2017	Direct sale customer and distributor	Prepayment	Bank transfer	46,317	5.5%
5.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business	2020	Direct sale customer	Monthly settlement within 75 days	Bank transfer	41,300	4.9%
	Total						**324,970**	**38.6%**

For the year ended December 31, 2025

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer B[2]	Chips and modules in our comprehensive chips and modules business	2019	Direct sale customer	Monthly settlement within 90 days	Bank transfer	124,773	12.3%
2.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business	2020	Direct sale customer	Monthly settlement within 75 days	Bank transfer	86,700	8.5%
3.	Customer A[1]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	Monthly settlement within 60 days	Bank transfer	83,214	8.2%
4.	Customer I/ Supplier H[9]	Chips and modules in our comprehensive chips and modules business, GNSS chips and modules in our GNSS chips, modules and related solutions business	2021	Direct sale customer	Monthly settlement within 90 days	Bank transfer/Bills	73,372	7.2%
5.	Customer H[8]	Chips and modules in our comprehensive chips and modules business, GNSS chips and modules in our GNSS chips, modules and related solutions business	2024	Direct sale customer	Monthly settlement within 90 days	Bank transfer/ Bills	58,753	5.8%
	Total						**426,812**	**42%**

Notes:

(1) A Shanghai-based technology company with the registered capital of RMB37.8 million, engaged in the design and development of mobile communication terminal solutions, complete machine design and manufacturing services, established in 2009.

(2) A Shenzhen-based global leading mobile terminal ODM (independent design and manufacturing) enterprise with the registered capital of RMB2.0 billion, specializing in the design, development and manufacturing of intelligent terminals, providing one-stop services in product design, marketing, material procurement and manufacturing delivery, established in 2005.

(3) A Guangzhou-based professional solution design company with the registered capital of RMB14.5 million, focusing on wireless communication modules for the IoT and mobile Internet, established in 2007.

(4) A Shanghai-headquartered manufacturer of mobile communications equipment with the registered capital of RMB5.0 million, dedicated to the development and manufacture of various digital mobile devices, established in 2016.

(5) A Shanghai-based company with the registered capital of RMB5.0 million, focusing on AI and IoT and providing software, hardware, services and complete solutions, established in 2021.

(6) A Hong Kong-based private company limited by shares, established in 2018.

(7) A Shenzhen-based company with the total assets of RMB26.5 billion as of December 31, 2024, principally engaged in the electronic component distribution, design chain services, supply chain collaboration and industrial data services, established in 2014 and listed on the Shenzhen Stock Exchange.

(8) A Shanghai-based company with the registered capital of RMB10.7 million, focusing on providing electronic components services, established in 2019.

(9) A leading global provider of total solutions for the IoT with the total assets of RMB13.0 billion as of December 31, 2024, established in 2010 and listed on the Shanghai Stock Exchange.

We acquainted our five largest customers during the Track Record Period through direct marketing efforts or referrals, which mainly include referrals from our downstream customers, industry seminar participants and business partners. We plan to broaden our customer base and strengthen our relationship with customers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for Customer H, which was controlled by a former director, all of our five largest customers in each year during the Track Record Period were Independent Third Parties. Save for (i)

Customer G hold less than 1% of shareholding of our Company, and (ii) Mr. Lu Wei (our executive Director) indirectly holds less than 0.1% of equity interest in Customer G, there was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest customers in each year during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates and none of our Directors and their respective close associates or any shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital or has any interest in our five largest customers in each year during the Track Record Period and up to the Latest Practicable Date that required to be disclosed under the Listing Rules.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes, defects, failures, reliability issues, product returns and/or claims. During the Track Record Period, due to long-term cooperation relationships with certain customers, we occasionally permitted a limited number of product returns not related to quality defects, which were considered normal commercial arrangements in the industry. Such returns have only involved our GNSS chips and modules business and did not affect other business lines. The return amounts represented less than 0.5% of our total revenue during the Track Record Period, which we consider immaterial.

Overlapping of Customers and Suppliers

According to CIC, the overlapping of our customers and suppliers is common in the GNSS spatial positioning services industry, where companies often operate multiple business lines with different business models. For example, some chip and module manufacturers may act as our suppliers by providing certain chips or components for our comprehensive chips and modules business, while also serving as customers by purchasing our self-developed GNSS chips for use in their own products. This dual role reflects the interconnected nature of the semiconductor supply chain, where it is typical for companies to collaborate across different parts of the value chain.

In 2023, 2024 and 2025, we had 13, 17 and 17 overlapping customers and suppliers, respectively, which were typically engaged in manufacturing and sales of GNSS products and solutions, and sales of comprehensive chips and modules. In 2023, 2024 and 2025, the total revenue we generated from these overlapping customers and suppliers in the respective year amounted to RMB100.7 million, RMB151.1 million and RMB164.3 million, respectively, and the purchases from these overlapping customers and suppliers in the respective year amounted to RMB281.9 million, RMB40.1 million and RMB142.1 million in the same year, respectively. The overlap between our customers and suppliers arises from the different business functions performed by separate entities within our Group. Our Company operates the GNSS chips, modules, and related solutions business, where we design and sell self-developed GNSS chips manufactured by third-party foundries to downstream customers, including chip and module manufacturers. Separately, our Hong Kong subsidiary, Allystar Information Co. Limited ("**Allystar Information**"), runs the comprehensive chips and modules business, sourcing chips and modules from third-party manufacturers for resale. In some cases, these third-party manufacturers may also be customers who purchase our GNSS chips and modules for use or resale within their own supply chains. These transactions are conducted independently and reflect standard commercial practices in the GNSS spatial positioning services industry, where companies frequently serve as both suppliers and customers across different business lines. Our Directors have confirmed that none of our sales to and purchases from our overlapping customers and suppliers during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction.

During the Track Record Period, Customer G, Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司) ("**Simware**") and Customer H were our major customers, which were also our suppliers, and Supplier H and Supplier A were our major suppliers, which were also our customers.

Our Hong Kong subsidiary, Allystar Information, procured the RF chips manufactured by Qorvo, Inc. ("**Qorvo**") from Customer G, an authorized distributor of Qorvo, to its downstream customers to operate the comprehensive GNSS chips and modules business. Meanwhile, Customer G also acts as an authorized distributor of our self-developed GNSS chips and modules, procuring and reselling our self-developed GNSS chips and modules to its downstream customers., Additionally, Customer G also procured storage chips manufactured by Supplier B, a branded semiconductor memory enterprise listed

on Shenzhen Stock Exchange, from Allystar Information, which is an authorized distributor of Supplier B. Our total sales to Customer G were approximately RMB20.9 million, RMB46.3 million and nil, respectively, which accounted for approximately 3.2%, 5.5% and nil of our total revenue in each year during the Track Record Period. Our gross profit derived from the sales of products to Customer G was approximately RMB3.5 million, RMB0.7 million and nil in each year during the Track Record Period. In 2023, 2024 and 2025, our total purchases from Customer G were approximately RMB7.0 million, RMB5.9 million and RMB2.4 million, respectively, which accounted for approximately 1.0%, 0.7% and 0.2% of our total purchases in each year during the Track Record Period.

Simware procured the baseband chips manufactured by Supplier A from Allystar Information, an authorized distributor of Supplier A. Additionally, as Allystar Information entrusted Simware to a smart positioning student card for its business expansion purpose and thus made payments to Simware for the entrusted R&D services. In 2023, 2024 and 2025, our total sales to Simware were approximately RMB70.4 million, RMB41.3 million and RMB86.7 million, respectively, which accounted for approximately 10.9%, 4.9% and 8.5% of our total revenue, respectively. Our gross profit derived from the sales of products to Simware was approximately RMB2.2 million, RMB1.2 million and RMB2.2 million, respectively, in 2023, 2024 and 2025. In 2023, 2024 and 2025, our total purchases from Simware were approximately RMB0.7 million, nil and nil, respectively, which accounted for approximately 0.1%, nil and nil of our total purchases, respectively.

In 2023, 2024 and 2025, our total sales to Customer H were approximately nil, RMB26.0 million and RMB58.8 million, respectively, which accounted for approximately nil, 3.1% and 5.8% of our total sales, respectively, in 2023, 2024 and 2025. Our gross profit derived from the sales of products to Customer H was approximately nil, RMB0.6 million and RMB2.5 million, respectively, in 2023, 2024 and 2025. In 2023, 2024 and 2025, our total purchases from Customer H were approximately nil, RMB66.5 thousand and RMB2.1 million, respectively, which accounted for approximately nil, 0.01% and 0.2% of our total purchases, respectively.

Supplier H, which was also one of our major customers in 2025, namely Customer I, procured our self-developed GNSS chips and modules from us. Meanwhile, Shanghai Hangqi has obtained the distributor authorization from Supplier H, whose diverse range of module products meet the needs of downstream customers of Shanghai Hangqi. In 2023, 2024 and 2025, our total purchases from Supplier H were approximately nil, RMB31.2 million and RMB54.6 million, respectively, which accounted for approximately nil, 3.7% and 5.3% of our total purchases, respectively. In 2023, 2024 and 2025, our total sales to Supplier H were approximately RMB1.1 million, RMB5.4 million and RMB73.4 million, respectively, which accounted for approximately 0.2%, 0.6% and 7.2% of our total revenue, respectively, in 2023, 2024 and 2025. Our gross profit derived from the sales of products to Supplier H was approximately RMB61.9 thousand, RMB0.6 million and RMB3.3 million, respectively, in 2023, 2024 and 2025.

Supplier A authorized Allystar Information to purchase baseband chips from them for resale to our downstream customers. Meanwhile, Supplier A procured a small order of RF chips manufactured by Supplier F from Allystar Information, an authorized distributor of Supplier F, to meet its own needs. In 2023, 2024 and 2025, our total purchases from Supplier A were approximately RMB270.5 million, RMB284.0 million and RMB327.7 million, respectively, which accounted for approximately 39.7%, 33.8% and 31.9% of our total purchases, respectively. In 2023, 2024 and 2025, our total sales to Supplier A were approximately RMB4.5 thousand, nil and nil, respectively, which accounted for approximately nil, nil and nil of our total revenue, respectively, in 2023, 2024 and 2025. Our gross profit derived from the sales of products to Supplier A was approximately RMB813.1, nil and nil, respectively, in 2023, 2024 and 2025.

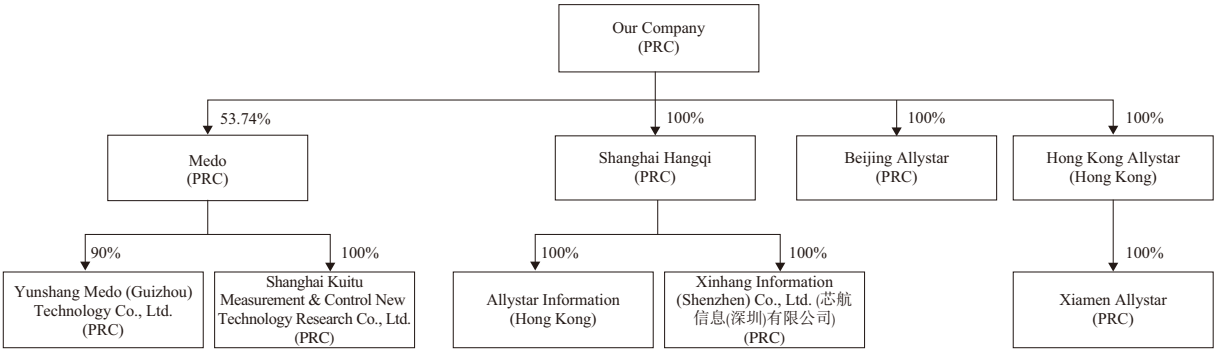
The following table sets forth our total revenue from and our total purchases amount from these overlapping customers-suppliers for the year indicated:

	For the year ended December 31,		
	2023	2024	2025
	RMB million (except for percentages)		
Revenue from the overlapping customers-suppliers	170.7	200.3	279.2
As a percentage of our total revenue	26.5%	23.8%	27.5%
Purchases from the overlapping customers-suppliers	393.8	453.3	472.3
As a percentage of our total purchases	68.2%	59.8%	46.0%

INTRA-GROUP TRANSACTIONS

Our Group engaged Acclime Tax Advisory (Hong Kong) Limited (formerly known as RSM Tax Advisory (Hong Kong) Limited), an independent transfer pricing consultant, (the "**Transfer Pricing Tax Consultant**"), which is a professional accounting firm, to conduct a full scope review of our Related Party Transactions on whether they were (i) in compliance with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations promulgated by Organisation for Economic Co-operation and Development (OECD), and (ii) in compliance with the applicable laws, regulations, rules and normative documents of transfer pricing arrangement in Chinese Mainland and Hong Kong, as well as the current transfer pricing practices in Chinese Mainland and Hong Kong.

During the Track Record Period, our Group operates through subsidiaries in the Chinese Mainland and Hong Kong, which perform various functions, including but not limited to GNSS chip design, sales and marketing, R&D services, business support services including procurement support and sales support, and procurement of finished products. The below chart illustrates the shareholding relationships of these subsidiaries involving intra-group transactions (the "**Covered Transactions**") during the Track Record Period.



The aggregate income incurred by our Group's subsidiaries involved in the Covered Transactions amounted to approximately RMB137.3 million, RMB140.5 million, and RMB223.8 million in 2023, 2024 and 2025, respectively.

Beijing Allystar and Hong Kong Allystar, leveraging their advantages in R&D teams, professional technical personnel and equipment resources, provided navigation and positioning chip technology R&D services to our Company based on its contract R&D requirements, including chip technology development, utilization, upgrades and quality control support during the R&D process, with all patents and proprietary technologies resulting from the contract R&D being retained by our Company. Our Company also licensed certain Intellectual Property ("**IP**") to Hong Kong Allystar for operation. On top of the above, Hong Kong Allystar also provided R&D service to Allystar Information. In addition, our Company, Shanghai Kuitu provided R&D services to Medo.

Beijing Allystar provided business support services including procurement support and sales support to our Company and Hong Kong Allystar, Beijing Allystar also provided business administration support services to Medo. Yunshang Medo also provided business support services including sales support to Medo. Furthermore, our Company, Xinhang Information (Shenzhen) Co., Ltd. ("**Shenzhen Allystar Information**") and Shanghai Hangqi provided business support services including procurement support and sales support to Allystar Information.

Xiamen Allystar, Shanghai Hangqi and Allystar Information purchased raw materials from third parties and sold them to our Company, primarily undertaking procurement functions and partial sales functions in such transactions, while bearing product liability risks and general management risks.

Our Company conducts R&D and design of navigation and positioning chips, outsources production to third parties, and sells the manufactured chips and modules to its related party Hong Kong Allystar. In such related-party transactions, our Company primarily undertakes R&D functions, production functions, procurement functions, marketing and market development functions, warehousing functions, etc., while bearing R&D risks, production risks, marketing risks, and inventory risks. Hong Kong Allystar's outsourcing of chip production to third parties and subsequent sales to our Company also fall under this category.

Shanghai Hangqi, Allystar Information, and Medo purchased finished products from our Company and sold them to third parties. On the other hand, (a) Allystar Information and Shenzhen Allystar Information sourced goods from third parties, which were sold to Shanghai Hangqi for onward selling to third parties; (b) Hong Kong Allystar sold goods to Allystar Information for onward selling to third parties; and (c) Medo also sold goods to Yunshang Medo and Shanghai Kuitu for onward selling to third parties.

Furthermore, our Company provided intra-group financing to Hong Kong Allystar and Shanghai Hangqi. Hong Kong Allystar also provided intra-group financing to Allystar Information.

The Transfer Pricing Tax Consultant selected that the transaction net margin method as the most appropriate transfer pricing method for the Covered Transactions except for the intra-group financing transactions, which the comparable uncontrolled price method is selected as the most appropriate transfer method. The Transfer Pricing Tax Consultant then performed certain working procedures, based on certain assumptions, to assess the transfer pricing risk of the Covered Transactions and whether the transfer pricing of Covered Transactions are consistent with the arm's length principle. Having carried out the aforementioned works, the Transfer Pricing Tax Consultant is of the view that there are no significant indications noticed that the transaction prices for the Covered Transaction during the Track Record Period were unreasonable and the transfer pricing risk of the Covered Transactions are low because the Covered Transactions were either conducted at arm's length basis or did not confer any income tax advantage to the Group in Chinese Mainland and Hong Kong.

Our Directors, by reference to the Transfer Pricing Tax Consultant's review scope and conclusion, are of the view that the Covered Transactions were consistent with the arm's length principle or did not confer any income tax advantage to the Group in Chinese Mainland and Hong Kong during the Track Record Period, and confirm that the transfer pricing arrangement did not involve tax evasion. This conclusion is based on the determination that the profit levels achieved by these subsidiaries involving intra-group transactions were within the arm's length range, the applicable income tax rate of the relevant subsidiaries involved in the intra-group transactions, and the potential tax exposure related to transfer pricing is that the amount of our Company's tax loss carried forward would be decreased by RMB5.6 million as of December 31, 2025, which is not material at either the individual company level or from the Group's overall financial perspective. Having considered the conclusion of the Transfer Pricing Tax Consultant, by reference to its review scope and basis of determination set out above, and the independent due diligence procedures conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on aforesaid view of the Directors.

Our management continuously monitors our Group's intra-group transactions to ensure compliance with applicable transfer pricing regulations. We will continue to review and, if necessary, adjust our transfer pricing policies to align with regulatory developments and market conditions. Nevertheless, we

cannot assure that our transfer pricing arrangements will not be subject to review or challenge by relevant tax authorities in the future. For further details, see "Risk Factors — Risks Relating to Our Business and Industry — Our operations may be subject to transfer pricing adjustments by relevant tax authorities."

SEASONALITY

The results of operations of our GNSS-related solutions business historically have been seasonal primarily because we typically provide GNSS-related solutions on a project-by-project basis, with delivery and acceptance of these projects typically occurring in the third and fourth quarters during the year. Therefore, we typically recognize a larger portion of revenue from GNSS-related solutions in the third and fourth quarter of a particular calendar year. The results of operations of our GNSS chips and modules business and comprehensive chips and modules business are subject to certain degree of seasonal fluctuations. According to CIC, there exists moderate seasonality in sales of GNSS chips, modules and related solutions, which generally shows stronger sales in the second half of the year.

QUALITY MANAGEMENT

Quality control and assurance are crucial to us, and we endeavor to ensure the quality of our operations through a comprehensive quality management system, which was formulated in accordance with the ISO9001 standard, covering substantially every aspect of our operations including IC product design, procurement, among other things. We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with relevant regulatory requirements and our internal quality requirements. For example, we select our suppliers based on a strict set of criteria to make sure our requirements are being consistently met. In addition, we conduct inspection on delivered products in accordance with our quality management system standards.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials, work in progress and finished goods. See "Financial Information — Discussion of Certain Items of Statements of Financial Position — Inventories and Contract Costs." In order to maintain our competitiveness, adapt our products to evolving demand trends and to avoid our inventories becoming obsolete, we have taken measures to optimize our inventory level, including minimizing inventory backlog in the process of inventory management. In addition, we have established internal submission and approval procedures to optimize the logistics of our inventory management and standard of purchase orders of our navigation and positioning chips and modules. We standardize our inventory management through our digital warehousing system. Each of the inventories is given a unique identification code at the time of storage. This way, we are able to keep track of all inventories at all stages. We maintain sufficient level of inventories as a result of our effective inventory management.

We conduct regular inventory check every six months, and conduct spot checks from time to time to ensure smooth operation within the warehouse. We perform on-site inventory audit and inspection annually, and prepare inventory inspection reports, according to which we deal with obsolete and slow-moving inventories in a timely manner. Led by a specially established working group, our finance team is responsible for inventory audit and inspection, and report to senior management the inspection results and shortfalls. We employ a rigorous inventory turnover management system to minimize stock levels and prevent overstocking of slow-moving items. This involves: (a) utilizing Kingdee K3 for systematic alert management; (b) conducting weekly and monthly reviews to flag stagnant inventory through WeChat communications, monthly reports, and quarterly business reviews, categorized by modules, chips, and raw materials as a preventive control; (c) performing regular assessments of expired inventory, either authorizing conditional use through designated procurement orders or initiating scrap procedures via OA systems for outcome-based management; and (d) maintaining standardized warehouse and logistics management documentation to ensure systematic oversight. For obsolete inventories, we assess whether there is any potential future business opportunity. If such inventories are determined to have no further commercial use, they are scrapped in accordance with our internal policies. As for defective inventories, they are treated as worthless, and we report their residual

value following our financial policies. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

We may lose our competitive position if our products become obsolete. See "Risk Factors — Risks Relating to Our Business and Industry — We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales."

INTELLECTUAL PROPERTY

We regard our patents, trademarks, trade secrets and other intellectual property rights as critical to our business operations. As of Latest Practicable Date, we held 60 invention patents, 149 utility model patents, 12 design patents, 21 layout design of IC, 86 trademarks, 250 software copyrights and one work copyright in the PRC.

The following table sets out the information of our material patents filed and granted in China during the Track Record Period:

Title of Patent	Granted Date
Multi-task processing method, device, system, and storage medium for navigation chips (導航芯片的多任務處理方法、設備、系統以及存儲介質)	April 1, 2022
Receiver pulling method, apparatus, computer device, and storage medium (接收機牽引方法、裝置、計算機設備和存儲介質)	April 1, 2022
Signal demodulation method, apparatus, computer device, and storage medium (信號解調方法、裝置、計算機設備和存儲介質)	April 1, 2022
Signal acquisition method, apparatus, computer device, and storage medium (信號捕獲方法、裝置、計算機設備和存儲介質)	April 1, 2022
Adaptive measurement noise method for non-integrity constraints (非完整性約束自適應量測噪聲方法)	August 19, 2022
Automatic temperature compensation method for antenna inclinometer tilt (天線姿態儀傾角自動溫度補償方法)	October 25, 2022
Implementation method and system for SUPL service in Android GNSS drivers (安卓系統GNSS驅動的SUPL服務實現方法及系統)	February 28, 2023
BeiDou short-message communication method, device, and storage medium based on eSim (基於eSim的北斗短報文通信方法、裝置及存儲介質)	July 21, 2023
Automatic DC error cancellation device and method for transmitter systems (應用於發射機系統的直流誤差自動消除裝置及方法)	September 22, 2023
Gross error detection and elimination method for GNSS solution domain (面向GNSS解算域的粗差探測與剔除方法)	October 20, 2023
RC calibration circuit (一種RC校準電路)	November 12, 2024
Indoor-outdoor integrated positioning system (室內外組合定位系統)	September 8, 2020
Integrated communication-navigation module based on GNSS and mobile cellular networks (基於GNSS技術和移動蜂窩網絡的通導一體模組)	January 14, 2022
High-speed unidirectional signal level-shifting circuit (高速單向信號電平轉換電路)	September 13, 2022
Navigation module testing device and system (導航模組測試裝置及系統)	December 25, 2020

The following table sets out the information of our material software copyrights filed and granted in China during the Track Record Period:

Title of Software Copyright	Registration Date
Allystar navigation chip encryption software (華大北斗導航芯片加密軟件)	December 5, 2017

Title of Software Copyright	Registration Date
Allystar SDK software (HD8030-based) (華大北斗基於HD8030的SDK軟件)	December 5, 2017
Allystar SDK secondary development software (華大北斗SDK二次開發軟件)	December 13, 2017
Allystar single-carrier test software (華大北斗單載波測試軟件)	November 20, 2019
Allystar weather balloon analysis software (華大北斗探空氣球分析軟件)	November 20, 2020
Signal attenuation controller software (Allystar navigation chip-based) (基於華大北斗導航芯片開發的信號衰減控制器軟件)	November 20, 2020
Allystar GNSS evaluation Satrack software (華大北斗GNSS測評Satrack軟件)	November 23, 2020
Mass production test software (Allystar chip-based) (基於華大北斗芯片量產測試軟件)	November 23, 2020
Allystar A-GNSS local ephemeris test software (華大北斗A-GNSS本地星曆測試軟件)	November 23, 2020
Allystar A-GNSS statistical software (華大北斗A-GNSS統計軟件)	November 23, 2020
Allystar A-GNSS local ephemeris upload software (華大北斗A-GNSS本地星曆上傳軟件)	November 26, 2020
Embedded control software for dual-serial independent communication (Allystar navigation chip-based) (基於華大北斗導航芯片開發的雙串口獨立通訊的嵌入式控制軟件)	August 26, 2021
BeiDou-3 RDSS monitoring software (北斗三RDSS監控軟件)	May 30, 2023

For detailed information about our material intellectual property, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

We protect our intellectual property through a combination of patents, trademarks, trade secrets, unfair competition laws and contractual arrangements, including confidentiality and intellectual property ownership agreements with employees and counterparties. We have established internal policies and dedicated personnel to manage and monitor our intellectual property, and we regularly register, track and enforce our rights with the support of professional service providers. We also rely on confidentiality and non-competition arrangements with employees, under which we own intellectual property developed in the course of their employment, and implement physical and information security measures to safeguard our data and trade secrets.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in any jurisdiction involving us and our business partners and, to the best knowledge of our Directors and senior management, they are not aware of any such disputes. However, these agreements or measures may not provide sufficient protection of our intellectual property rights. These agreements may be breached, resulting in the misappropriation of our intellectual properties, and we may not have an adequate remedy for any such breach. In addition, our intellectual properties may become known or be independently developed by third parties, or misused by any business partner to whom we disclose such information. Despite any measures taken to protect our intellectual properties, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to adequately protect our intellectual properties or proprietary rights.

In addition to our self-developed proprietary technologies, we make use of licensed CPU architecture from Arm Limited ("**ARM**") in the design of certain of our chips. There are currently no PRC laws or regulations that restrict the use of third-party intellectual property licenses, such as those from ARM, for chip design. We believe that we do not rely on ARM-licensed technology, as alternative open-source architectures, such as RISC-V, are readily available. See "Risk Factors — Risks Relating to Our Intellectual Property — We may not be successful in obtaining or maintaining necessary rights for our technology through acquisitions."

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

In the course of our business, we collect, store and process R&D data, transaction data, and data collected during the course of our GNSS related solution business. Our R&D data primarily includes (a) design-related data, such as chip layout files, source code, algorithm simulation models, technical specifications, and verification reports, and (b) test-related data, such as GNSS signals, reference data, and simulation scenario datasets used for performance tuning. R&D data spans the entire chip development process, from low-level design and simulation verification through to production. Core algorithms are compiled and embedded into the chip to enable key functions such as signal acquisition and positioning calculations. Additionally, this data serves as our core intellectual property, supporting technological iteration, product traceability, and long-term post-sales technical support. Transaction data primarily consists of the information related to the orders placed by our customers and is automatically captured through customer relationship management and enterprise resource planning systems, covering the entire process from order fulfillment and logistics to financial settlement. R&D data is generated by technical staff in a controlled internal development environment and stored centrally on our encrypted R&D servers or within a protected version control system. In the course of providing products or solutions to customers, we collect transaction data and R&D data in accordance with the methods described above. Our transaction data and R&D data is stored on the cloud maintained by specialized third-party service providers. We implement a classified storage strategy for transaction and R&D data in accordance with laws, regulations, and business continuity requirements. Core critical data is retained indefinitely, while other transaction and R&D data is typically retained for 10 to 30 years. In contrast, the data collected during the course of our GNSS related solution business is generally retained for a period of less than one month, as it is primarily used for short-term processing and system optimization, after which it is deleted in accordance with our data management policies. We adhere to the principle of "least privilege" with regard to data sharing, limiting access to authorized employees only. When transferring core data from high-security zones to lower-security areas, it must undergo review through gateways or data transfer systems before being exported. If employees need to apply for accounts or access permissions to high-security systems, they must submit a request through an approval process, which is reviewed and authorized by the operation manager before access is granted. As we only make transactions with enterprises, we do not collect or process a large amount of personal data. We maintain a financial system, a human resource management system and a business management system. See "Risk Factors — Risks Relating to Our Business and Industry — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer." In addition, data that has exceeded its retention period or no longer holds business value is deleted by the designated department, which also maintains records of the destruction.

We place significant emphasis on IT system and data security, and have implemented internal policies and procedures governing data access, transmission, storage and processing to ensure confidentiality and integrity of our information. Access to corporate data is restricted on a need-to-know basis with defined approval mechanisms, and employees are subject to confidentiality obligations. We maintain data backup and recovery systems with regular testing to minimize the risk of data loss and support timely restoration in the event of system disruptions or unforeseen incidents.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss. We had complied with the applicable laws and regulations with respect to data privacy and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

COMPETITION

We face competition in respect of the quality of our products and solutions, our ability to meet downstream customers' expectations, and our experience and reputation. The principal competitive factors in our industry generally include product stability and reliability, price competitiveness, marketing and sales capabilities, and brand influence.

We believe that there are high barriers for our competitors to enter into the GNSS chips, modules and related solutions market, which include, among other things, design efficiency, first-mover advantages, extensive product lineup, downstream customers' recognition and collaboration with foundries, packaging and testing factories, and suppliers of products and raw materials. For more information on the competitive landscape of our industry, see "Industry Overview." Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths.

EMPLOYEES

As of December 31, 2025, we had 265 full-time employees, 247 of whom were based in Chinese Mainland and 18 were based in Hong Kong. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of employees
Senior management	8
Administration	55
Supply chain	16
R&D	108
Sales and marketing	56
Products and production	22
Total	**265**

We believe our success depends on our ability to attract, retain and motivate qualified personnel, and we offer competitive compensation, performance-based incentives and non-competition arrangements for key employees. We regularly evaluate employee performance and provide incentives based on their contributions, which has supported a stable core management team. We adopt diversified recruitment channels, including campus hiring, headhunters and online platforms, and provide onboarding and ongoing training to support employee development. Through these measures, we aim to maintain a stable and capable workforce to support our long-term growth.

Our employees are currently represented by our internal labor union. We believe that we generally maintain good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes in the PRC.

Social Insurance and Housing Provident Fund Contributions

As required by PRC laws and regulations, we participate in mandatory social security schemes, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the employee's wage income such as salaries, bonuses and certain allowances, up to a maximum amount specified by the local government from time to time. Due to historical reasons, differences in local practices and administrative complexities, we did not make full social insurance and housing provident fund contribution for our employees in accordance with relevant laws and regulations during the Track Record Period.

The amount of shortfalls of our Group in social insurance contributions is RMB0.07 million, nil and nil in 2023, 2024 and 2025. According to our PRC Legal Advisors, for the shortfalls in social insurance social insurance contributions, we may be subject to a late fees in a rate of 0.05% per day calculated from the date the relevant contributions became payable. If we still fail to make the relevant contributions before the stipulated deadline given by the social insurance authorities, we may be liable to a penalty of one to three times the outstanding contribution amount.

The amount of shortfalls of our Group in housing provident fund contributions is RMB0.02 million, nil and nil in 2023, 2024 and 2025. According to our PRC Legal Advisors, for the shortfalls in housing provident fund contributions, we may be not subject to any late fees or penalty.

According to the Interpretation II of the Supreme People's Court of 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 "**Judicial Interpretation (II)**") enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, where an employer and an employee enter into a written or verbal agreement that social insurance premiums need not be paid by both parties, the people's court shall not support this arrangement and shall determine that the agreement is invalid. Accordingly, when an employer fails to pay social insurance premiums for the employee, upon the employee's termination of the employment contract, the employer shall make up the unpaid social insurance premiums and pay economic compensation to the employee in accordance with the provisions of the Labor Law.

According to the confirmation of our Directors, during the Track Record Period and as of the Latest Practicable Date, (i) we had not signed any written document that stipulate exemption from social insurance contributions with any employee; (ii) there has been no dispute between us and our employees arising from the payment of social insurance contributions; (iii) no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions. Based on the relevant legal provisions and the aforementioned confirmations, our PRC Legal Advisors are of the view that the Judicial Interpretation (II) would not have a material adverse effect on our compliance with applicable labor laws in this regard. Having considered the aforesaid view of the PRC Legal Advisors, our Directors are of the view that no provision is required to be made in the historical financial information set forth in the Accountants' Report from Reporting Accountants for the shortfall in social insurance contributions, as an outflow of economic benefits is remote.

As of the Latest Practicable Date, these shortfalls have not been fully rectified. To avoid any potential penalties, we will make the relevant contributions before the stipulated deadline if we receive the notification from the relevant PRC authorities alleging that we had not fully make the social insurance or housing provident fund contributions. As of the Latest Practicable Date, we had not received any administrative penalty or rectification notice from PRC authorities in connection with social insurance or housing provident fund contribution. Our PRC Legal Advisors are of the view that our potential exposure to penalties from the competent authorities for failing to fully pay social insurance and housing provident fund contributions for certain of our employees during the Track Record Period is remote.

LAND AND PROPERTIES

We are headquartered in Shenzhen, and maintain certain operation functions in Beijing, Shanghai and Hong Kong. As of the Latest Practicable Date, we own one property in Beijing, PRC with an aggregate GFA of approximately 1,365 sq.m., and leased 15 properties in Chinese Mainland with an aggregate GFA of approximately 3,904 sq.m. from third parties, and one property in Hong Kong with an aggregate GFA of approximately 382 sq.m. These properties were used primarily as premises of office spaces, R&D activities, warehouses and daily operations. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to three years.

We believe that our leased properties meet our present needs, and we regularly assess our space requirements. As of the Latest Practicable Date, we were not aware of any environmental issues or other constraints that would materially impact the intended use of our properties.

As of the Latest Practicable Date, among the 15 leased properties in Chinese Mainland leased by us, lessors of 4 leased properties did not provide sufficient or valid title certificates. As advised by our PRC Legal Advisors, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, but our leases may be affected. Since there are sufficient alternative leased properties available in the applicable regions, we believe we can relocate to alternative properties within a reasonable period of time and at reasonable costs. Having considered the foregoing, our Directors believe that these title defects described above will not materially affect our business and results of operation.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local property administration authority. As of the Latest Practicable Date, we had not obtained the registration of lease agreements for 14 of our leased properties in China. See "Risk Factors — Risks Relating to Our Business and Industry — Our rights to use some of our leased properties could be challenged by property owners, and we may be liable for failure to register and file our lease agreements." As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. To minimize the potential negative impact of the non-registered leases on our operations, we have taken all practicable and reasonable steps to ensure that these lease agreements can be properly and duly registered with competent authorities, including making continuous communication with the lessors to seek their cooperation to complete the registration process.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. In addition, we have maintained comprehensive property insurance, trade credit insurance and cargo transportation insurance for the credit sales of integrated circuit products. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. As of the Latest Practicable Date, we had not obtained any operating liability insurance or business interruption insurance covering our undertakings. See "Risk Factors — Risks Relating to Our Intellectual Property — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise." As of the Latest Practicable Date, we had not experienced any business interruptions that had a material adverse effect on our business.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our Group and our products and solutions, significant ones of which are set forth below:

Award year	Award/Recognition	Awarding Institution/Authority
2025	Software and Information Technology Services Brand Enterprise of the Year (2025年度軟件和信息技術服務名牌企業)	China Electronic Information Industry Federation (中國電子信息行業聯合會)
2025	"China Chip" Outstanding Technological Innovation Product Award ("中國芯"優秀技術創新產品獎)	China Center for Information Industry Development (中國電子信息產業發展研究院)
2025	Satellite Navigation and Positioning Science and Technology Award Innovation Application Award (Platinum Prize) (衛星導航定位科學技術獎衛星導航定位創新應用獎白金獎)	China Satellite Navigation and Positioning Association (中國衛星導航定位協會)
2025	HKMA/HKT Global Innovation Awards — Innovative Organization Award (SME) (Silver) (HKMA/HKT環球創新獎創新機構獎(中小企業)銀獎)	Hong Kong Management Association (香港管理專業協會)

Award year	Award/Recognition	Awarding Institution/Authority
2025	Venture50 Hard Technology Enterprises (2024投資界硬科技VENTURE50)	Zero2IPO Group (清科創業、投資界)
2024	"China Chip" Outstanding Technological Innovation Product Award (「中國芯」優秀技術創新產品獎)	China Electronic Information Industry Development Research Institute (中國電子信息產業發展研究院)
2024	Guangdong Top Brands (廣東知名品牌)	Guangdong Enterprise Brand Building Promotion Association and Guangdong Top Brand Evaluation Professional Committee (廣東省企業品牌建設促進會、廣東知名品牌評價專業委員會)
2024	2023 Investment World Hard Tech VENTURE50 (2023投資界硬科技 VENTURE50)	Zero2IPO Ventures and PEdaily.cn (清科創業、投資界)
2023	Guangdong Provincial Science and Technology Progress Award — Second Prize (廣東省科技進步獎二等獎)	The People's Government of Guangdong Province (廣東省人民政府)
2023	Shenzhen TOP Brand (深圳知名品牌)	Shenzhen TOP Brand Evaluation Committee (深圳知名品牌評價委員會)
2023	Guangdong Manufacturing Single Champion Demonstration Enterprises (廣東省製造業單項冠軍示範企業)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2023	Satellite Navigation and Positioning Science and Technology Award — Grand Prize of Science and Technology Progress Award (衛星導航定位科技進步獎特等獎)	GNSS and LBS Association of China (中國衛星導航定位協會)
2023	HKMA/HKT Global Innovation Award (SMEs) (HKMA/HKT) 環球創新獎創新機構獎(中小企業))	The Hong Kong Management Association (香港管理專業協會)
2023	2022 Investment World Hard Tech VENTURE50 (2022投資界硬科技 VENTURE50)	Zero2IPO Ventures and PEdaily.cn (清科創業、投資界)

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors and our Hong Kong Legal Counsel, we had obtained all material licenses and permits required for our business operations in the PRC and Hong Kong, and such licenses and permits had remained in full effect.

The table below sets out the material licenses, permits and approvals in jurisdictions where we operate as of the Latest Practicable Date:

No.	Entity Name	Certificate Title	Registration/ Licensing Details	Issuing/ Registration Authority	Validity Period
1	Allystar	Certification of BeiDou Basic Products	Multi-system RF-to-baseband integrated GNSS System-on-Chip HD8120/V9937	China Cybersecurity Review Technology and Certification Centre	April 23, 2023– April 22, 2028
2	Medo	Class B Surveying and Mapping Qualification Certificate	Class B: Engineering Surveying	Shanghai Municipal Planning and Natural Resources Bureau	July 7, 2022– July 7, 2027
3	Medo	Engineering Survey Qualification Certificate	Geotechnical Engineering (Geophysical Exploration, Testing, Inspection and Monitoring) Grade B	Shanghai Municipal Commission of Housing and Urban-Rural Development	July 19, 2021– July 18, 2026*
4	Medo	Construction Enterprise Qualification Certificate	Grade II Specialised Contracting for Electronic and Intelligent Engineering	Shanghai Municipal Commission of Housing and Urban-Rural Development	August 10, 2022– August 9, 2027
5	Medo	Work Safety Permit	Building Construction	Shanghai Municipal Commission of Housing and Urban-Rural Development	October 31, 2025– October 30, 2028

Note:

* We will renew this certificate before expiration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe our continued growth rests on integrating social values into our business and are committed to being a responsible corporate citizen. We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. We are also committed to complying with PRC regulatory requirements, abiding by environmental protection laws and regulations, and ensuring the health and safety of our employees.

Governance regarding ESG Issues

Being environmentally friendly and having positive social impact are at the core of our business and corporate governance. We have implemented an ESG policy, which provides guidelines to the management of our ESG-related issues. We believe that it requires collective effort from our Directors to evaluate and manage material ESG issues, our Directors take up the responsibility of monitoring and managing material ESG issues, with the assistance from the management team. Our Directors are principally responsible for setting up our overall ESG vision, direction and strategy, monitoring and reviewing our ESG performances and fulfillment of our ESG vision. Our Directors have also assigned our president to oversee the coordination of different departments and teams to ensure that our operations and practices are in line with related ESG strategies.

We strive to continuously raise ESG awareness of all of our Directors, senior management and employees. For example, we plan to provide ESG-related training to our employees from time to time, including updating them with our latest ESG policy and current goals. Furthermore, our Directors closely follow and monitor the latest requirements regarding ESG disclosure and regulatory compliance. We place great emphasis on the Stock Exchange's ESG requirements, and in order to ensure compliance with the said requirements, our Directors and our president will oversee the compilation of our ESG report, and shall review the content and quality of the ESG report after the **[REDACTED]**.

With respect to the management of ESG issues, our Directors recognize the importance of shareholders' expectations and involvement, and therefore endeavor to maintain an effective communication channel between shareholders and us. Our Directors have assigned our ESG working group, led by our president, to identify, monitor and assess material ESG issues annually. Our ESG working group will review the results from the assessment and conclude on the issues that we shall focus on. Besides, our Directors will set ESG targets, organically integrating overall objective, management system, business strategies, key indicators and targets with our strategic objectives, to manage material ESG issues and to achieve sustainable development. The targets will be reviewed on an annual basis to ensure that they remain appropriate to our needs. We aim to achieve a 100% target completion rate at the time of the annual assessment and maintain a record of zero ESG issues in the major areas we have identified as potential ESG risks.

Identification, Assessment, Management and Mitigation of ESG Risks

Our Company conducts periodic enterprise risk assessment on current and potential risks faced by us in our business, including ESG risks. In order to manage such risks, our Directors compile ESG policy and measures to tackle the risks identified during the enterprise risk assessment and minimize any potential risks inherent in our business operations. We have set up an anti-bribery and anti-corruption management system. Under these management policies, we strictly prohibit any personnel from engaging in any bribery or corruption in daily operations, including but not limited to strictly prohibiting the acceptance of bribes and kickbacks in the procurement of raw materials and chip probing services from our suppliers along our entire supply chain, as well as sales and delivery of products and solutions to our customers.

We currently do not operate any manufacturing facilities and are not subject to significant environmental risks. We do not expect to incur any material liabilities or expenditures in these respects. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to ESG regulations, and have not had any accident or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

We have identified the following potential ESG risks that may have an impact on our business, strategy or financial performance, and have taken the following measures to mitigate such risks:

Supply Chain and Foundry Management

Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. If we are unable to select quality third-party suppliers, including patterned wafer channel partners who cooperate with reliable and capable manufacturing foundries and chip probing service providers, or monitor and manage these suppliers, we may be exposed to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a supply chain approval process, through which suppliers must provide relevant qualifications or certifications, such as their business licenses, among others, prior to approval. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them. We generally require our suppliers to comply with applicable industrial standards.

Although we currently do not operate any manufacturing facilities, we have a number of policies in place to select and continuously evaluate the foundries and ensure compliance with the relevant requirements.

The following sets out our selection criteria of new foundries and evaluation of selected foundries:

- *New foundries.* We select the foundries according to their processing technologies and compatibility to our products. We also take into consideration additional criteria, including among others, (i) relevant production qualifications of the foundries, (ii) product quality, and (iii) corporate reputation. Our personnel in charge of business operations will evaluate these key criteria and make the decision for approval of new foundries.
- *Selected foundries.* We evaluate the selected foundries periodically to ensure that they are in continuous compliance with our internal control requirements and provide qualified supplies in a timely manner. Our evaluation mainly covers (i) the overall product quality rate, (ii) the number of quality issues arising from foundries, and (iii) quality of services, including attitude in problem solving.

Environmental Protection

We take into account ESG related risks that may impact on our business, strategy and financial performance when developing our business strategy and may adjust our strategy in response to changing ESG related landscape. We consider coping with ESG issues our opportunities in creating a better community. We are committed to sustainability as part of our corporate strategy, and we strive to cultivate a sustainable mindset among our employees. We have conducted a series of campaigns that aim to reduce waste and carbon emissions of both our company and our employees, including waste recycling, reducing water use, and reducing energy consumption. We have also placed signs to remind our employees to reduce their water usage.

The following table presents our actual energy consumption, emissions, and wastes during the Track Record Period.

		Year ended December 31,		
Indicator	**Unit**	**2023**	**2024**	**2025**
Air Emissions				
NOx	kg	102.88	26.92[1]	21.43
SOx	kg	0.58	0.44	0.34
PM	kg	9.31	2.14	1.72
Energy and resource consumption				
Electricity consumption	kWh	645,512.58	686,351.56	583,099.54
Electricity consumption intensity	kWh/RMB million of revenue	1,000.58	816.81	574.96
Water consumption	m^3	1,405.53	1,463.00	1,509.29
Water consumption density	m^3/RMB million of revenue	2.18	1.74	1.49
Waste				
Circuit board	piece	823,153	25,299	87,073
Wafer	piece	259,788	0	10,387
Module/Chip	piece	2,646	31,337	28,295
Framework Circuit	piece	28,410	209,513	18,710
Others	piece	8,760	0	181
GHG emissions				
Scope 1 GHG emissions	tonnes of CO2e	89.08	67.59	69.31
Scope 2 GHG emissions[2]	tonnes of CO2e	340.84	362.54	303.57
Scope 3 GHG emissions[3]	tonnes of CO2e	221.15	257.48	256.72
Total GHG emissions	tonnes of CO2e	651.07	687.61	629.59
GHG total emission density	tonnes of CO2e/RMB million of revenue	1.01	0.82	0.62

Notes:

1. Our high-displacement MPV was sold in 2023, resulting in a significant reduction in fuel consumption-related emissions.
2. Scope 2 emissions originate from purchased electricity, and the emission factor comes from the average CO2 emission factor of the national power grid published in the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factor" by the Ministry of Ecology and Environment of the PRC.
3. Scope 3 emissions are business travel data from air travel, which are calculated with reference to International Civil Aviation Organization (ICAO) data.

Metrics and Targets on ESG Risks

Major parameters and measurable metrics we use to assess and manage our ESG risks include electricity consumption. We typically do not generate electronic waste by ourselves. As a result, we did not generate any significant environmental compliance cost during the Track Record Period.

We aim to gradually adopt more environmentally friendly and energy-efficient measures in our daily operations. We have set clear, achievable ESG targets to guide our sustainability efforts:

- *Electricity Consumption:* We have implemented a series of measures to reduce the electricity consumption, including daily inspections to turn off electronic devices when not in use, and limiting the office temperature setting range when using the air conditioning system. We intend to lower our office electricity consumption through such measures, target to maintain a 100% compliance rate concerning power usage going forward, and will reduce electricity consumption per RMB million of revenue by 15% by the end of 2030, using 2023 as the baseline.
- *GHG Emissions Reduction:* We target a 15% reduction in the intensity of Scope 1, Scope 2 and Scope 3 Business Travel Category GHG emissions by the end of 2030, relative to the 2023 baseline. Based on our gradual adoption of efficient appliances and steady business growth without significant operational changes. We are currently exploring the most material and critical categories within our Scope 3 emissions, such as those from purchased goods and services in our supply chain. We are actively working to expand the scope of our Scope 3 disclosures to gain a more comprehensive understanding. Once this assessment matures, we will set specific, measurable targets aligned with our business strategy and industry best practices.

We aim to continuously develop overall environmental protection measures based on the characteristics of our business model, strategy and financial planning as well as the potential impact on the environment.

Social Responsibility

We place great importance on our social responsibility and take active role in engaging with public welfare initiatives. We believe that corporate social responsibility is part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing public interests.

Impact of ESG Changes in Future Trends and Policies

We face significant physical risks from climate change that could disrupt our operations and supply chain. Acute physical risks, such as extreme weather events including typhoons and floods may cause sudden interruptions to crystal wafer fabrication and logistics, leading to production delays and revenue shortfalls, as well as more insurance premium payable for protection. The health and safety of employees may also be endangered. Chronic risks, including rising temperatures, water scarcity, and sea-level rise, could gradually escalate manufacturing costs for cooling water.

Transition risks pose additional challenges as global decarbonization efforts reshape the semiconductor fabrication services industry landscape. Policy and regulatory risks arise from stringent carbon pricing mechanisms, such as China's dual-carbon goals, raising compliance costs. Technological risks stem from the rapid shift toward low-power, sustainable fabrication processes, where failure to innovate could render legacy designs obsolete, diminishing competitiveness against greener rivals.

We acknowledge that ESG issues pose a certain level of threat to us. Due to climate change and work safety and climate-related issues, regulators may require more extensive ESG-related disclosures. We may be impacted by increased cost to execute more stringent monitoring measures on resource consumption and employee protection. See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance."

Well-being and Development of Employees

We embrace diversity and adhere to local labor law requirements to prevent any form of discrimination based on gender, age, nationality, religious beliefs, or social status. Set below are our employees' data categories by gender and age group in each year comprising the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
		%		%		%
By gender						
Male	278	70.4	189	68.7	189	71
Female	117	29.6	86	31.3	76	29
By age group						
At or below 30	169	42.8	71	25.8	45	17
31–40	170	43.0	144	52.4	146	55
At or above 41	56	14.2	60	21.8	74	28

We recognize the importance of talents for sustainable business growth and competitive advantages. As part of our human resources strategy, we offer employees relatively competitive salaries, performance-based bonuses, and other incentives. We also attach great importance on staff training, and strive to create a multiple-incentive mechanism and a friendly working environment to fulfil our employees' full potential. For more details, see "— Employees."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

See "— Employees — Social Insurance and Housing Provident Fund Contributions" and "— Land and Properties" in this section for a description of certain legal matters relating to our compliance with PRC employment and real property related laws and regulations which we consider would not have a material adverse effect on our business, financial condition, or results of operations. We are of the view that we have in place adequate internal control measures to ensure ongoing compliance with applicable laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders' investment and our assets at all times. We maintain internal manuals setting out operating procedures, internal control procedures and other policies and guidelines. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, compliance, sanctions and anti-bribery and anti-corruption.

Our Board of Directors and our general manager are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial team reviews our management accounts based on such procedures.

Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, we intend to review and update the form of contracts we enter into with our customers, partners, and suppliers, and examine the contract terms and underlying due diligence materials, before we enter into any contract or business arrangements.

We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we aim to continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

SANCTIONS, ANTI-BRIBERY AND ANTI-CORRUPTION RISK MANAGEMENT

In terms of sanctions, anti-bribery and anti-corruption, we have implemented a series of policies and internal control measures in connection with sanctions, anti-bribery and anti-corruption, which set forth procedures for implementing relevant sanctions internal control procedures, anti-bribery procedures and setting out anti-bribery responsibilities for relevant personnel. In order to ensure ongoing compliance with sanctions regulations and avoid conducting business with sanctioned customers and sanctioned countries, we have been implementing and updating internal control measures, including the following: revising and enhancing a code of conduct to establish a compliance review mechanism that prohibits transactions or facilitation of transactions with sanctioned countries and denied or sanctioned entities and individuals and providing compliance training to employees from time to time, as well as regularly screening of customers and suppliers with whom our Group deals with to determine whether they are restricted/sanctioned subjects. This screening is conducted through an independent third party. In the event we identify a potential sanction risk, for example, if we suspect, that a customer is using our GNSS chips, modules or solutions in any sanctioned country, we will immediately activate the emergency response mechanism, including but not limited to demanding the customer stop this practice immediately and requesting written confirmation from such customer that it will not use any of our GNSS chips, modules or solutions in a sanctioned country. We will also suspend the relevant business with such customer, including ceasing supply of products to such customer. We strictly prohibit bribery or other improper payments, including but not limited to directly or indirectly providing valuable gifts to business contacts, and providing or accepting entertainment, expenses and gifts, in any of our business operations according to our anti-bribery and anti-corruption policies. Moreover, we investigate into incidents and take appropriate measures as necessary, to promptly address any problems and ensure effective implementation of appropriate rectification. We provide employees with adequate communication channels, establish whistle-blower policy and encourage employees to take the initiative to seek guidance from us regarding the implementation of anti-bribery policies. We will report to relevant authorities in accordance to relevant rules and regulations if we detect any suspicious transactions.

The U.S. Export Administration Regulations (EAR) define "advanced node integrated circuits" as:

(1) logic integrated circuits using a non-planar transistor architecture or with a "production" 'technology node' of 16/14 nanometers or less;

(2) NOT AND (NAND) memory integrated circuits with 128 layers or more; or

(3) Dynamic random-access memory (DRAM) integrated circuits having:

(i) A memory cell area of less than 0.0026 μm^2;

(ii) A memory density greater than 0.20 gigabits per square millimeter; or

(iii) More than 3000 through-silicon vias per die.

The Group's GNSS chips are mixed-signal ICs with a technology node of 22 nm and do not fall under the categories of logic or memory ICs. Our Sanctions Counsels conclude that the Group's products are not classified as advanced node integrated circuits under the EAR and the restrictions do not affect the Group's ability to acquire items subject to the EAR or obtain tape out or OSAT services.

Our products (including the GNSS chips and modules) are classified as EAR99 items and do not contain U.S. origin components. Our GNSS related solutions are not subject to the EAR because such solutions are services in nature. Items subject to the EAR only include commodities, software, and technology. Our Sanctions Counsels concluded that, based on the Group's disclosures, during the Track Record Period, the Group did not sell any items subject to the EAR and did not engage in any transactions that violate applicable export control or sanctions laws and regulations. The analysis conducted by our Sanctions Counsels considered the Group's products from the following perspectives:

- The Group did not sell any products of U.S. origin;
- The Group's products do not contain U.S. origin components and are not subject to the EAR due to the de minimis rule under the EAR;
- The Group's products do not fall within any foreign-direct product rules under the EAR.

The Group's products are not dual-use items subject to Chinese export control, and our Sanctions Counsels conclude that the Group's export activities do not violate P.R.C. export control law.

Our major raw materials are not originated or sourced from the U.S. We acquired certain U.S.-origin software and equipment for our internal use. Although we do not possess specific information regarding the Export Control Classification Number (ECCN) for these items, we were not informed of any license requirements at the time of purchase. As our suppliers did not indicate any export license requirements under the EAR or request our assistance with export license applications, we believe that no license was necessary for our acquisitions, and our Sanctions Counsels confirm that such belief is justified.

We are committed to complying with all applicable laws in the jurisdictions where we operate and will not use the **[REDACTED]** from the **[REDACTED]** or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business involving, or benefiting, parties connected to Sanctioned Countries or Sanctioned Targets in violation of applicable laws.

Tariffs

During the Track Record Period, our export activities to the U.S. have been limited to technical services relating to chips and modules. The revenue generated from such services were approximately US$0.6 million, US$0.4 million and US$0.3 million in 2023, 2024 and 2025, respectively, accounting for 0.6% 0.3% and 0.2% of the total revenue in each year. Since such services are not subject to the U.S. tariffs imposed on Chinese-origin goods, and currently we have no plans to export products to the U.S., the U.S. tariffs do not impact our export business. Further, we did not indirectly export products and solutions to the U.S. during the Track Record Period through third parties. During the Track Record Period, we purchased the U.S. origin equipment and software. Nevertheless, in 2025, following the implementation of reciprocal and retaliatory tariffs between the U.S. and China, our imports from the U.S. were solely software, which is not subject to tariffs imposed on the U.S. goods. Based on these facts and representations, our Sanctions Counsels conclude that the tariffs imposed by both the U.S. and China have a minimal effect on our operations.

The Group did not experience any material adverse changes in order volumes, prices and customer payments, cancellation or suspension of orders, and/or delays or defaults in settlement during the Track Record Period and up to the Latest Practicable Date. To the best of our knowledge, none of our customers or suppliers have been materially impacted by trade restrictions and tariffs. However, in light of the ongoing trade tensions between the two countries, we recognize the potential for future changes in tariffs or other trade control measures to adversely impact our business. Consequently, we will continuously monitor tariff developments and will implement proactive measures to mitigate any negative effects on our operations.

Restriction on Investments by the U.S. Persons

Under the Final Rule, the U.S. persons are subject to notification requirements or prohibitions when engaging in investments involving "covered foreign persons." A covered foreign person is defined as a person of a country of concern that engages in a "covered activity."

Our Sanctions Counsels conclude that the Group is considered a covered foreign person, and investments made by the U.S. persons in the Group are subject to notification requirements under the Final Rule, with the exception of acquisitions of the Company's **[REDACTED]** securities.

The analysis conducted by our Sanctions Counsels on this matter is outlined as follows:

As defined in the Annex to Executive Order 14105, a country of concern includes the People's Republic of China, which encompasses Hong Kong and Macau. Section 850.221 of the Rule defines the "person of a country of concern" as an entity with a principal place of business in, headquartered in, or incorporated in or otherwise organized under the laws of, a country of concern. Given that we are registered and have our principal place of business in China, we are considered as a covered foreign person under the Final Rule.

Section 850.208 of the Final Rule defines "covered activity" as any of the activities referred to in the definition of notifiable transaction in § 850.217 or prohibited transaction in § 850.224. These definitions categorize covered activities into three main areas: semiconductor and microelectronics, quantum information technologies, and artificial intelligence.

1) Semiconductor and Microelectronics

Covered transactions related to electronic design automation software; certain fabrication and advanced packaging tools; the design, fabrication, or packaging of certain advanced integrated circuits; and supercomputers would have been prohibited. Covered transactions related to the design, fabrication, or packaging of integrated circuits not otherwise covered by the prohibited transaction definition would have been subject to notification requirements.

The Group's products' total processing performance does not meet the criteria outlined in 3A090.a. and cannot operate at or below 4.5 Kelvin. Based on the Group's representations, our Sanctions Counsels conclude that the Group does not engage in covered activities as defined under Section 850.224 (prohibited transactions). However, under Section 850.217 (notifiable transactions), covered activities include "design any integrated circuit that is not described in § 850.224(c)". Therefore, while the Group does not design integrated circuits that meet the criteria for prohibited transactions, the Group is still considered to engage in covered activities, making investments by the U.S. persons in the Group subject to notification requirements.

2) Quantum Information Technologies

Covered transactions related to the development of quantum computers and production of critical components; the development or production of certain quantum sensing platforms; and the development or production of quantum networking and quantum communication systems would have been prohibited. Since the Group does not engage in the development or production of quantum computers or related components, restrictions on this area do not apply to the Group.

3) Artificial Intelligence

Covered transactions related to the development of any AI system designed to be exclusively used for, or intended to be used for, certain end uses would have been prohibited. Covered transactions related to the development of any AI system not otherwise covered by the prohibited transaction definition, where such AI system was designed or intended to be used for certain end uses (e.g., military end use, government intelligence or mass-surveillance end use) or was trained using a specified quantity of computing power would have been subject to the notification requirement. Since the Group does not engage in the development of any AI system, restrictions on this area do not apply to the Group.

In summary, investments made by the U.S. persons in the Group are not prohibited by the Final Rule but are subject to notification requirements, except for acquisitions of the Company's **[REDACTED]** securities. These requirements may affect our ability to raise capital. As of the Latest Practicable Date, none of our pre-**[REDACTED]** investors are U.S. persons. Considering the Sanctions Counsels' analysis, our Directors are of the view that the Final Rule will not have any material impact on our operations, financial performance or investment prospects of our Company's **[REDACTED]** shares.

An investment by a U.S. person in any publicly traded security, denominated in any currency, and that trades on a securities exchange or through the method of trading that is commonly referred to as "over-the-counter," in any jurisdiction, is excepted from the notification requirements and prohibitions under the Rule, provided it does not afford the U.S. person rights beyond standard minority shareholder protections as defined in Section 850.501(a)(2). Therefore, the U.S. persons **[REDACTED]** the Company's shares through the Hong Kong Exchange are not subject to notification requirements provided that it does not afford the U.S. investor rights beyond standard minority shareholder protections.

To the best of our knowledge, none of our pre-**[REDACTED]** investors are U.S. persons. After the Final Rule came into effect on January 2, 2025, there has been no change in our ownership structure, and no new investments have been made in us. No U.S. person has acquired an equity interest in us for the purpose of facilitating an **[REDACTED]** for example, by purchasing with the intent to create a market for the security or to resell the security on a secondary market (e.g., as part of an **[REDACTED]** arrangement).

Considering the Sanctions Counsels' aforementioned analysis, our Directors are of the view, and the Joint Sponsors concur, that the U.S. tariffs imposition and export control measures had not and will not have any direct and/or indirect material adverse impact on our Group's business operations and financial performances.