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Application Proof of

Lontium Semiconductor Corporation

龍迅半導體（合肥）股份有限公司

(the “Company”)

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

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Lontium Semiconductor Corporation 龍迅半導體（合肥）股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : RMB[1.00] per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



中信建投國際
CHINA SECURITIES INTERNATIONAL

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set forth in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

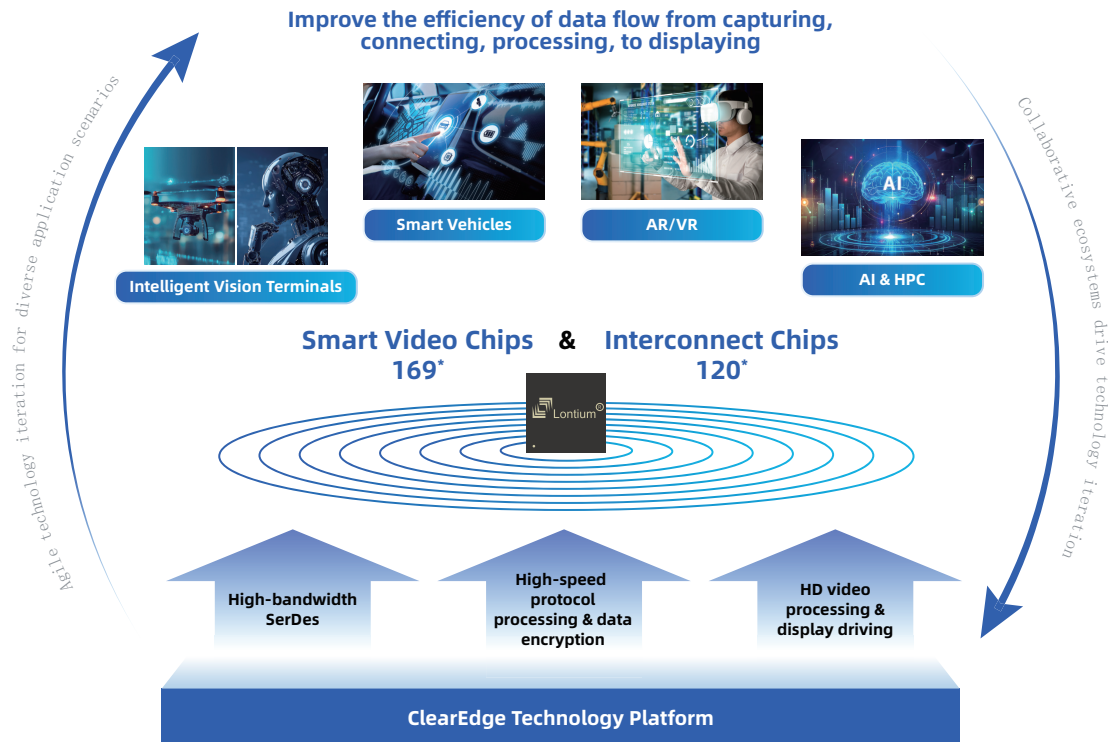
We are a recognized fabless high-speed mixed-signal chip design company dedicated to upgrading data transmission and video processing infrastructure for smart terminals and devices, as well as AI applications. Our addressable market primarily comprises two segments: interconnect chips and smart video chips. Leveraging our three foundational technology pillars, including (i) high-bandwidth Serializer/Deserializer (“**SerDes**”), (ii) high-speed interface protocol processing and data encryption, and (iii) high-definition (“**HD**”) video and audio processing and display driver technologies, our products facilitate efficient data processing, transmission, and format conversion among computing, storage, and display units. Key applications include intelligent vision terminals, smart vehicles, AR/VR devices and AI & high-performance computing (“**HPC**”). Our chips integrate high-definition video processing and display capabilities with intelligent sensing and human-machine interaction technologies, establishing a solid technical foundation designed to support future on-device AI-powered applications. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

HD audio and video data serve as a vital bridge between the physical and digital worlds. The high-speed, and stable transmission of such data among robotics and drones, AR/VR devices, autonomous driving systems, and high-performance computing systems, relies on the three foundational technology pillars. Our nearly two decades of research and development (“**R&D**”) investment in these core technologies underpin the intelligent vision era. Leveraging our high-bandwidth SerDes technology, we have expanded into the broader domain of interconnect chips, including critical interconnect components such as PCIe/CXL/USB retimers and switches. These products address multimodal data transmission bottlenecks in complex HPC and AI environments, including scale-up (intra-GPU cluster), scale-out (data center), and scale-across (inter-data center) architectures.

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Our Products and Solutions

Our chips serve key application scenarios, including: (i) intelligent vision terminals, (ii) smart vehicles, (iii) AR/VR, and (iv) AI & HPC. We offer end-to-end solutions encompassing capturing, connecting, processing, and displaying capabilities. Our product offerings, comprising 169 smart video chips and 120 interconnect chips as of December 31, 2025, enable data flow across heterogeneous systems. We cultivate a synergistic ecosystem where user application feedback and strategic partnerships, including reference design collaborations with global semiconductor leaders, fuel continuous technological iteration and solution enhancement. The following diagram illustrates our underlying technologies, product matrix and application scenarios:



Note: As of December 31, 2025

- **Intelligent Vision Terminals:** Our chips enable the lossless transmission of visual details and are widely deployed in drones, robotics, smart commercial displays and smart video conferencing systems. In 2025, 76.1% of our total revenue were generated from this application, and from 2023 to 2025, our revenue for this application grew at a CAGR of 27.7%.
- **Smart Vehicles:** We span both the cockpit and driving domains, enabling multi-system, multi-screen interconnectivity by transmitting large volumes of sensor data from cameras, LiDAR and millimeter-wave radar to domain controllers, and to displays with high speed and stability. As of December 31, 2025, we had developed 19 automotive-grade chips that had passed AEC-Q100 certification, and our products and solutions had been adopted by original equipment manufacturers (“OEMs”) and tier-1 suppliers serving leading European, U.S. and Chinese automotive brands. In 2025, 15.7% of our total revenue were generated from this application, and from 2023 to 2025, our revenue from this application grew at a CAGR of 59.6%.
- **AR/VR:** Our chips support high-resolution (up to binocular 8K) and high-refresh-rate (up to 120 Hz) display performance with ultra-low latency for AR/VR devices. Through development collaboration with leading SoC vendors such as Qualcomm and panel manufacturers such as Sony,

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we are building a “SoC + Chip + Panel” ecosystem and have become a key partner in Sony’s AR display panel reference design. Our chips have been adopted by global AR/VR brands such as RayNeo, Rokid, XREAL and a global market leader in consumer MR headsets based in the U.S. In 2025, 6.4% of our total revenue were generated from this application, and from 2023 to 2025, our revenue for this application grew at a CAGR of 27.6%.

- **AI & HPC:** We are expanding into the AI & HPC sectors and developing high-speed signal conversion and interconnect solutions to meet the demanding requirements of next-generation computing systems. In 2025, 1.8% of our total revenue were generated from this application.

In recent years, the global semiconductor chip market has continued to expand, driven by rising demand for high-performance electronic systems in various applications. According to Frost & Sullivan, within the overall semiconductor chip industry, smart video chips and interconnect chips are two important segments that perform fundamental functions in modern electronic systems. Smart video chips are key semiconductor components in display devices, enabling the processing, conversion and transmission of video signals to support image presentation and enhance visual performance. Interconnect chips serve as the data-movement enabler of electronic systems, allowing high-speed and reliable data transmission among processors, memory, storage and other systems components. In terms of market size by revenue, the smart video chip and interconnect chip markets accounted for 2.2% and 3.2% of the overall semiconductor chip industry, respectively, in 2025. The market sizes of the smart video chips and interconnect chips are expected to reach RMB143.1 billion and RMB490.7 billion by 2030, respectively, representing a CAGR of 6.4% and 23.1%, respectively. Moreover, the video bridging chip market is the fastest growing sub-segment within the smart video chip market. In 2025, the video bridging chip market accounted for 10.4% of the smart video chip market and is expected to reach RMB22.1 billion of global market size by 2030, at a CAGR of 15.3%. With our strong brand influence, market leadership position, comprehensive product coverage and proven technological innovation capabilities, we believe we are well-positioned to capture the growth opportunities in our addressable markets and further strengthen our industry leadership.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will continue to drive our future growth: (i) recognized high-speed mixed-signal chip design company; (ii) proprietary, in-house developed underlying technology platform; (iii) product portfolio targeting high-growth application scenarios; (iv) widespread operations and close collaboration with industry ecosystem leaders; and (v) visionary and experienced management team.

OUR GROWTH STRATEGIES

We will pursue the following strategies to drive further growth: (i) strengthening R&D investment to support continued core technology and product development; (ii) targeting high-value and high-volume application scenarios to continuously enrich our product matrix and reach higher revenue growth rate; (iii) expanding market presence and establishing a scalable operational system; (iv) strengthening talent development to empower R&D and growth; and (v) exploring strategic investment and M&A opportunities.

OUR PRODUCTS

To meeting the increasing demand for ultra-low latency, ultra-high bandwidth, and high reliability data transmission, as well as intelligent interaction in the intelligent vision era, we offer a product portfolio of smart video chips and interconnect chips that delivers end-to-end solutions covering

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capturing, connecting, processing, and displaying capabilities. With a portfolio of 169 smart video chips and 120 interconnect chips as of December 31, 2025, we produce mixed-signal products that bridge the physical and digital worlds through robust connectivity.

The following table sets forth our revenue generated during the Track Record Period in terms of the products we offered:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Smart video chips	269,543	83.4	381,387	81.8	473,109	83.3
Interconnect chips	52,154	16.1	73,287	15.7	93,331	16.4
Others ⁽¹⁾	1,450	0.5	11,329	2.5	1,764	0.3
Total.	323,147	100.0	466,003	100.0	568,204	100.0

Note:

- (1) “Others” primarily include revenue from technological services and ancillary components. Technological services include technology licensing and custom chip design services. Ancillary components include printed circuit boards, security keys and other auxiliary chips.

OUR SALES NETWORK

Our products are standardized and serve a wide range of downstream applications. Our customer base is relatively dispersed, and most of our end customers purchase a variety of chips, preferring to procure through distributors. As a result, our sales model is primarily distributor-based, supplemented by direct sales. Distributors purchase our products, taking title and risk upon delivery, and resell them at their own prices, with reference to our recommended guidance. During the Track Record Period, substantially all of our revenue was generated from our distributors.

The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Distributors	319,481	98.9	459,835	98.7	561,284	98.8
Direct sales	3,666	1.1	6,168	1.3	6,920	1.2
Total.	323,147	100.0	466,003	100.0	568,204	100.0

OUR FABLESS BUSINESS MODEL

Since our inception, we have operated under a fabless model, primarily focusing on the research and development and sales of integrated circuits. After completing chip design, we outsource wafer fabrication to independent foundries and assembly and testing services to third-party providers. By concentrating our resources on product R&D, we are able to respond swiftly to changing market demands and continuously drive product innovation, while leveraging our manufacturing partners’ relatively advanced processes and economies of scale. For details, see “Business — Our Fabless Business Model.”

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OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of distributors. Our five largest customers in each of 2023, 2024 and 2025 together accounted for 49.4%, 51.6% and 52.3% of our total revenue, respectively. Revenue from our largest customer in each of 2023, 2024 and 2025 accounted for 16.4%, 13.9% and 17.2% of our total revenue, respectively.

During the Track Record Period, our suppliers primarily consisted of (i) wafer foundries, and (ii) companies that provide services in assembly and testing. Purchases from our five largest suppliers in each of 2023, 2024 and 2025 accounted for 83.2%, 93.1% and 90.6% of our total purchases, respectively. In addition, purchases from our largest supplier in each of 2023, 2024 and 2025 accounted for 34.3%, 41.1% and 39.0% of our total purchases, respectively.

COMPETITION

We operate in a highly competitive and concentrated industry, with increasing demand for innovative and efficient products. Our competition primarily revolves around product performance, technical innovation, cost-efficiency, and market responsiveness. We compete with both foreign and domestic companies focusing on chips with strong performance in ultra-high-definition (“UHD”) video processing, multi-protocol compatibility, and low-latency interconnect. According to Frost & Sullivan, foreign companies hold a large market share of the global market. However, in recent years, companies based in Chinese Mainland have achieved rapid growth and increased their market shares by leveraging their technological innovation capabilities. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025 with a market share of 4.1%. We remain focused on leveraging our technological expertise, customer-centric solutions, and operational efficiency to maintain and enhance our position in the market.

SUMMARY OF CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

Key Items of Consolidated Statements of Profit or Loss

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB	%
Revenue	323,147	100.0	466,003	100.0	568,204	100.0
Cost of sales	(149,876)	(46.4)	(213,149)	(45.7)	(267,532)	(47.1)
Gross profit	173,271	53.6	252,854	54.3	300,672	52.9
Other income and gains, net	44,044	13.6	43,552	9.3	37,138	6.5
Selling and marketing expenses	(9,090)	(2.8)	(11,072)	(2.4)	(10,274)	(1.8)
Administrative expenses	(27,273)	(8.4)	(28,620)	(6.1)	(35,309)	(6.2)
Research and development expenses . . .	(74,527)	(23.1)	(99,969)	(21.5)	113,248	(19.9)
Impairment losses on financial assets under the ECL model, net	(139)	(0.0)	(1,490)	(0.3)	(2,217)	(0.4)
Other expenses	(1,006)	(0.3)	(2,270)	(0.5)	(2,075)	(0.4)
Finance costs	(63)	(0.0)	(37)	(0.0)	(12)	(0.0)
Profit before tax	105,217	32.6	152,948	32.8	174,675	30.7
Income tax expense	(2,521)	(0.8)	(8,536)	(1.8)	(2,758)	(0.5)
Profit for the year	102,696	31.8	144,412	31.0	171,917	30.3

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Cost of Sales

The following table sets forth a breakdown of our cost of sales, in absolute amounts and as percentages of our total cost of sales for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of wafers	103,637	69.1	145,934	68.5	176,120	65.8
Cost of assembly and testing	40,028	26.7	56,400	26.5	77,418	28.9
Other cost of sales	6,226	4.2	7,888	3.7	9,597	3.6
Impairment	(15) ¹	(0.0)	2,927	1.3	4,397	1.6
Total	149,876	100.0	213,149	100.0	267,532	100.0

Note:

- (1) We recorded reversal of impairment in 2023, mainly attributable to the decreased ending balance of inventories as of December 31, 2023, mainly due to our increased sales and recovery of the industry.

Our cost of sales maintained an upward trend during the Track Record Period, primarily due to the increases in cost of wafers and cost of assembly and testing, resulting from our increased product sales and business expansion.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total non-current assets	113,168	124,342	180,839
Total current assets	1,373,369	1,378,018	1,477,171
Total assets	1,486,537	1,502,360	1,658,010
Total non-current liabilities	10,662	13,987	10,754
Total current liabilities	46,409	56,573	87,766
Total liabilities	57,071	70,560	98,520
Net current assets	1,326,960	1,321,445	1,389,405
Total equity	1,429,466	1,431,800	1,559,490

Our total equity increased from RMB316.2 million as of January 1, 2023 to RMB1,429.5 million as of December 31, 2023, primarily driven by the net proceeds of RMB1,030.3 million raised from our listing on the Shanghai Stock Exchange in 2023, as well as profit for the year of RMB102.7 million, partially offset by dividends declared of RMB20.8 million. Our total equity remained relatively stable at RMB1,431.8 million as of December 31, 2024, compared to RMB1,429.5 million as of December 31, 2023. Profit for the year of RMB144.4 million was substantially offset by shares repurchased of RMB59.2 million and dividends declared of RMB96.5 million, partially countered by share-based payment expenses of RMB12.1 million and related tax implications of RMB1.5 million. Our total equity increased to RMB1,559.5 million as of December 31, 2025, primarily due to our profit for the year of RMB171.9 million, partially offset by dividends declared of RMB71.0 million.

See “Appendix I — Consolidated Statements of Changes in Equity” for more details.

SUMMARY

Our net current assets remained relatively stable at RMB1,327.0 million and RMB1,321.4 million as of December 31, 2023 and 2024, respectively. Our net current assets subsequently increased to RMB1,389.4 million as of December 31, 2025, primarily due to an increase in cash and cash equivalents of RMB97.4 million generated from our business operations.

See “Financial Information — Selected Balance Sheet Items” for more details.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our consolidated cash flows for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	103,412	116,887	112,413
Net cash flows (used in)/from investing activities	(1,063,108)	286,415	43,731
Net cash flows from/(used in) financing activities	1,008,945	(155,823)	(57,838)
Cash and cash equivalents at the beginning of the year	62,805	112,332	359,922
Cash and cash equivalents at the end of the year	112,332	359,922	457,279

See “Financial Information — Liquidity and Capital Resources — Cash Flows Analysis”.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Revenue growth rate	34.1%	44.2%	21.9%
Quick ratio	28.0	22.3	15.0
Return on assets	11.1%	9.7%	10.9%
Return on equity	11.8%	10.1%	11.5%
Gross profit margin	53.6%	54.3%	52.9%
Net profit margin	31.8%	31.0%	30.3%

See “Financial Information — Key Financial Ratios” for more details.

RISK FACTORS

Our operations involve certain risks and uncertainties. The more significant risks relating to our business and industry include: (i) the industries in which we operate are highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected; (ii) our inability to continuously advance our technological and R&D capabilities could render our products uncompetitive and obsolete; (iii) our success depends on our ability to protect and enforce our intellectual property rights and to maintain freedom to operate in all jurisdictions where we conduct business; (iv) we partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers; and (v) any decrease in sales from, or loss of, one or more of our major customers would have negative impacts on our results of operations.

LEGAL PROCEEDINGS AND COMPLIANCE

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

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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 complied with all relevant laws and regulations applicable to us in all material respects concerning our operations, and as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties imposed by relevant regulatory authorities for material breaches of applicable laws and regulations. See “Business — Legal Proceedings and Compliance” for more details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) 37.67% by Mr. Chen (excluding Treasury Shares) and (ii) 3.32% by Xincifu (excluding Treasury Shares), which was ultimately controlled by Mr. Chen as its sole executive partner who was entitled to exercise all voting rights of the Shares held by Xincifu. Pursuant to the voting rights entrustment agreement, the voting rights attached to the Shares held by Ms. Qiu have been irrevocably entrusted to Mr. Chen, representing 3.46% voting rights (excluding Treasury Shares) in our Company as of the Latest Practicable Date. Therefore, as of the Latest Practicable Date, Mr. Chen was entitled to exercise a total of 44.45% of the voting power at general meetings (excluding Treasury Shares) of our Company.

Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restrictive Shares Incentive Plan), Mr. Chen will be entitled to exercise a total of [REDACTED]% of the voting power at general meetings (excluding Treasury Shares) of our Company. Upon [REDACTED], Mr. Chen and Xincifu will together constitute a group of our Controlling Shareholders under the Listing Rules. For further details of our corporate structure and the shareholding of our Controlling Shareholders, see “History and Corporate Structure — Corporate Structure” and “Relationship with Our Controlling Shareholders” in this document.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since February 2023, our A Shares have been listed on the STAR Market of the Shanghai Stock Exchange. Our Directors confirmed that, and our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors having made all reasonable enquiries, there are no material matters in relation to our compliance record on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or potential [REDACTED] of the [REDACTED]. Based on the independent due diligence conducted by the Sole Sponsor with the assistance of the Sole Sponsor’s onshore and offshore counsel teams, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

[REDACTED] STATISTICS

	Based on a maximum [REDACTED] of HKD[REDACTED] per H Share
[REDACTED] of our H Shares ⁽¹⁾⁽²⁾	HK\$[REDACTED]
[REDACTED] of our Shares upon completion of the [REDACTED] ⁽¹⁾⁽³⁾	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽⁴⁾⁽⁵⁾	HK\$[REDACTED]

Notes:

- (1) All statistics in the table are based on the assumption that the [REDACTED] is not exercised.
- (2) The calculation of [REDACTED] of our H Shares is based on the assumption that [REDACTED] H Shares will be in [REDACTED] immediately upon completion of the [REDACTED].

SUMMARY

- (3) The calculation of [REDACTED] of our Shares is based on the assumption that [REDACTED] H Shares will be in [REDACTED] immediately upon completion of the [REDACTED], and 186,871,209 A Shares (including Treasury Shares) are issued and outstanding immediately upon completion of the [REDACTED] with an average closing price of RMB[REDACTED] during the [REDACTED] trading days of A Shares immediately preceding the Latest Practicable Date.
- (4) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is calculated on the basis that [REDACTED] Shares and excluding 867,474 A Shares repurchased and 8,367 Type I Restricted Shares account as Treasury Shares (representing 133,327,968 A Shares in issue as at 31 December 2025, adding [REDACTED]) were in issue and after making the adjustments referred to in the section headed “Appendix II — Unaudited [REDACTED] Financial Information” in this document.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2025. In particular, the unaudited [REDACTED] adjusted net tangible assets of the Group has not taken into account the impact of subsequent events: (i) on 9 February 2026, the Company cancelled 286 Type I Restricted Shares granted under the 2024 share incentive scheme as the applicable performance vesting conditions were not met. (ii) on 13 May 2026, the Company issued 399,603 ordinary shares as a result of the exercise of Type II Restricted Shares under 2024 share incentive scheme of the company and (iii) on 15 June 2026, the Company announced a cash dividend of RMB138,174 thousand to be distributed and the transfer of share premium into share capital for 53,140,692 ordinary shares. If the impact of subsequent events had been accounted for as at 31 December 2025, the unaudited [REDACTED] adjusted consolidated net tangible assets per Share as of 31 December 2025 would be RMB[REDACTED] (equivalent to HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] per Share.

DIVIDENDS

In 2023, 2024 and 2025, we paid dividends of RMB20.8 million, RMB96.5 million and RMB71.0 million, respectively, representing final dividends in respect of the preceding year. Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), we have adopted a general dividend policy, pursuant to which we may declare dividends in the form of cash dividends, stock dividends, or a combination of both, subject to applicable laws and our Articles of Association. In addition, our Board of Directors may, having regard to our funding requirements, propose interim dividends. In determining whether to declare and pay dividends, our Directors take into account, among others, the nature of the industry in which we operate, our stage of development, business model, profitability and major capital expenditure plans.

FUTURE PLANS AND USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised and based on the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED], we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deducting [REDACTED] and estimated expenses payable by us in connection with the [REDACTED].

In line with our strategies, we intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below: (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our R&D and innovation capabilities. We regard independent R&D and innovation as our core development strategy, and plan to maintain a high level of R&D investment to continuously upgrade our products; (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to further enrich our product matrix and expand downstream application scenarios; (iii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our overseas business network and enhance our presence in international markets; (iv) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to pursue strategic investments and acquisitions within the global semiconductor industry; and (v) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate uses.

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED] expenses, such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED] expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the maximum [REDACTED] of HK\$[REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of

SUMMARY

HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We recognized [REDACTED] of RMB[REDACTED] in our consolidated statements of profit or loss and other comprehensive income during the Track Record Period.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period, we have experienced steady business growth. Our revenue increased by 17.6% in the three months ended March 31, 2026 compared to the same period in 2025, according to our management account. The sales volume of our smart video chips increased by 39.9% in the three months ended March 31, 2026 compared to the same period in 2025, and the sales volume of our interconnect chips increased by 45.1% in the three months ended March 31, 2026 as compared to the same period in 2025. The growth of our revenue and sales volume is attributable to our continuous product iterations and the wide market acceptance of our new products with enhanced performance.

Moreover, we have cooperated with a leading global technology company on the development of mixed reality glasses. Relevant products are currently in the trial production stage, and we have shipped multiple batches of products for customer’s examination and verification. Subject to the customer’s commercialization schedule, mass production is expected to commence in the second half of 2026.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in “Glossary of Technical Terms.”

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the STAR Market of the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of our A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I to this document
“Advanced Chiplet”	Advanced Chiplet Technology Pte. Ltd., a limited company incorporated on December 22, 2023 in Singapore, our wholly-owned subsidiary
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on December 8, 2025 with effect from the [REDACTED], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

“China” or “PRC” or “Chinese Mainland”	the People’s Republic of China excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented, or otherwise modified from time to time

DEFINITIONS

“Company,” “our Company,” “we,” “our” or “us”	Lontium Semiconductor Corporation (龍迅半導體(合肥)股份有限公司) (formerly known as Lontium Semiconductor Technology (Hefei) Co., Ltd. (龍迅半導體科技(合肥)有限公司)), a company established under the laws of the PRC with limited liability on November 29, 2006 and converted into a joint stock company with limited liability on September 18, 2015, whose A Shares have been listed on the Shanghai Stock Exchange (688486.SH)
“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in “Relationship with Our Controlling Shareholders” in this document
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us
“Frost & Sullivan Report”	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in “Industry Overview” in this document

[REDACTED]

“Group,” “our Group,” “we,” “our” or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

DEFINITIONS

“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
“H Share(s)”	overseas [REDACTED] foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and [REDACTED] on the Stock Exchange
“H Shareholder(s)”	holder(s) of our H Share(s)
	[REDACTED]
“Hefei Lijie”	Hefei Lijie Semiconductor Technology Co., Ltd. (合肥力傑半導體科技有限公司), a company established under the laws of the PRC with limited liability on June 28, 2007
“Hefei Saifu”	Hefei Saifu Heyuan Venture Capital Center (Limited Partnership) (合肥賽富合元創業投資中心(有限合夥)), a limited liability partnership enterprise established on January 13, 2011 in the PRC, one of our promoters

[REDACTED]

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

DEFINITIONS

[REDACTED]

“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, is/are not a connected person of our Company

[REDACTED]

“International Sanctions Counsel”	Commerce & Finance Law Offices, legal advisers to our Company as to International Sanctions Laws
“International Sanctions Laws”	all applicable laws and regulations, as amended and supplemented from time to time, related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S., the EU and its member states, the UK or the UN

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date” June 21, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Macao” or “Macau” the Macao Special Administrative Region of the People’s Republic of China

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

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

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

“MOHRSS” Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)

“Mr. Chen” Mr. FENG CHEN (陳峰), our executive Director, chairman of the Board and general manager, and one of our Controlling Shareholders

“Ms. Qiu” Ms. QIU Chengying (邱成英), the mother of Mr. Chen and our connected person

“NIPA” the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局)

“Nomination Committee” the nomination committee of the Board

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

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Adviser”	Shanghai AllBright Law Offices, our legal adviser as to PRC laws
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SASAC”	the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)

DEFINITIONS

“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Lontium”	Shenzhen Lontium Semiconductor Technology Co., Ltd. (深圳朗田畝半導體科技有限公司), a limited liability company incorporated on May 17, 2013 in the PRC, our wholly-owned subsidiary

[REDACTED]

“Sole Sponsor”	the sole sponsor as named in “Directors and Parties Involved in the [REDACTED]” in this document

[REDACTED]

“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Taiwan”	Taiwan of the People’s Republic of China
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Track Record Period”	the years ended December 31, 2023, 2024 and 2025

DEFINITIONS

“Treasury Share(s)”	the Share(s) repurchased and held in treasury by our Company; unless otherwise specified, Treasury Shares are excluded when calculating the percentage of shareholding or voting power of our Company in this document
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“VAT”	value-added tax

[REDACTED]

“Xincaifu”	Hefei Xincaifu Information Technology Center (General Partnership) (合肥芯財富信息技術中心(普通合夥)), a general partnership established on December 11, 2014 in the PRC, one of our Controlling Shareholders
“%”	percent
“2024 Restricted Shares Incentive Plan”	the restricted shares incentive plan of our Company as approved by our Shareholders on January 29, 2024, the principal terms of which are set out in “Statutory and General Information — D. 2024 Restricted Shares Incentive Plan” in Appendix IV

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

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

Unless otherwise stated, 867,474 repurchased A Shares which are held as Treasury Shares by the Company as of the Latest Practicable Date have been included in the total number of issued Shares of the Company as of the Latest Practicable Date and immediately after completion of the [REDACTED].

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. These meanings may not always correspond to standard industry usage.

“ADAS”	advanced driver-assistance systems, electronic systems in vehicles that assist drivers in driving and parking
“ADP Link”	Aggregated Dualstream Port Link, the Company’s proprietary high-speed serial interface protocol for automotive, AR, and endoscope applications
“AEC-Q100”	a failure mechanism-based stress test qualification for ICs used in automotive applications
“AR/VR”	augmented reality and virtual reality, immersive technologies that overlay digital content onto the real world or create fully simulated environments respectively
“automotive-grade”	a chip designed, manufactured and qualified to meet automotive standards, such as AEC-Q100
“BER”	bit error rate, the ratio of erroneous bits to total transmitted bits over a period of time or data volume, used to quantify the reliability of a communication link
“bridging”	a component that connects two different interfaces or protocols, enabling data transfer between them
“CDR”	clock and data recovery, a circuit in high-speed serial receivers to reconstruct timing and data from received signals
“ClearEdge technology platform”	a proprietary underlying technology platform that integrates high-bandwidth SerDes, protocol processing and encryption, and high-definition video processing to support scalable chip development and feature reuse
“C-PHY”	MIPI C-PHY, a physical interface using 3-phase symbol encoding for high data rates with reduced pins for high-resolution sensors and displays
“CPU”	central processing unit, the primary processor of a computer or electronic system that executes instructions and performs general-purpose computation
“CXL”	compute express link, an open standard high-speed interconnect enabling low-latency communication between CPUs and accelerators, memory expanders or other devices
“DDR” and “LPDDR”	double data rate and low power double data rate, a type of high-speed memory
“domain controller”	a central electronic control unit in a smart vehicle that manages a specific functional domain, such as cockpit

GLOSSARY OF TECHNICAL TERMS

“DP” and “eDP”	DisplayPort and embedded DisplayPort, digital display interface standards used for transmitting high-definition audio and video signals
“DSC”	display stream compression, a visually lossless compression standard that greatly reduces bandwidth for transmitting high-resolution video
“eARC”	enhanced audio return channel, an HDMI2.1 audio return specification that supports higher-bandwidth, multi-channel audio transmission than ARC
“EDA”	electronic design automation, software tools used to design and verify electronic systems such as integrated circuits and printed circuit boards
“fabless”	a chip design business model whereby the company focuses on chip design and outsources wafer fabrication and assembly and testing to third-party service providers
“foundry”	a manufacturer specializing in the production and manufacturing of chips in the field of integrated circuits
“FPGA”	Field-Programmable Gate Array, an integrated circuit designed to be configured after manufacturing to perform different logic functions
“GPU”	graphics processing unit, a specialized processor originally designed for graphics rendering and increasingly used for parallel computation workloads including AI training and inference
“HDCP”	high-bandwidth digital content protection, digital copy protection for audio and video content transmitted across connections
“HDMI”	high-definition multimedia interface, a proprietary digital interface for transmitting high-quality video and audio signals between devices
“HDR”	high dynamic range, a display technology producing greater contrast, wider color and brightness range and color depth
“HPC”	high-performance computing, the use of advanced computing clusters for massive parallel processing of complex workloads including AI and machine learning
“HUD”	head-up display, a display technology that projects information onto a transparent surface within the user’s sight
“IC”	integrated circuit, a set of electronic circuits fabricated on a small semiconductor substrate
“intelligent vision terminal”	an end device that captures, processes and displays video or images, potentially integrating AI

GLOSSARY OF TECHNICAL TERMS

“I/O chip”	Input/Output chip, an integrated circuit to manage and mediate the data communication between a computer’s CPU and its peripheral devices or external networks
“LiDAR”	light detection and ranging, a remote sensing technology that uses laser beams to measure precise distances to an object or surface
“LVDS”	low-voltage differential signaling, a technical standard that specifies electrical characteristics of a differential and serial signaling standard
“MAL”	Multi-Audio Link, the Company’s proprietary bi-directional high-speed serial interface protocol designed to transmit multiple audio channels simultaneously between devices
“MIPI”	mobile industry processor interface, a family of communication standards for mobile devices and peripherals developed by the MIPI Alliance
“D-PHY”	MIPI D-PHY, a physical interface connecting cameras and displays to processors, with high noise immunity and high jitter tolerance. It also offers low-latency transitions between high-speed and low-power modes
“DSI/CSI-2”	two serial interface protocols defined by the MIPI Alliance, where DSI is used for display panels and CSI-2 is used for image sensors used in cameras
“MST”	Multi-Stream Transport, a DisplayPort feature that carries multiple independent video streams over a physical link
“OLED”	organic light-emitting diode, a display technology using an organic film that emits light in response to electric current
“on-device AI”	AI inference or partial training performed locally on a device, rather than on remote cloud servers
“PCIe retimer”	a PCIe signal-conditioning chip that compensates for channel attenuation and mitigates jitter to enhance signal integrity and extend signal reach
“PCIe switch”	a PCIe interconnect device that enables efficient communication among multiple devices, often used in data centers and AI acceleration systems
“PLL”	Phase-Locked Loop, a control system that generates an output signal whose phase is related to its input
“redriver”	a high-speed signal conditioning chip that amplifies and equalizes attenuated differential signals to improve signal amplitude and quality without full retiming
“reference design”	a technical design of a system that contains its essential elements and serves as a model for others to copy, adapt or modify

GLOSSARY OF TECHNICAL TERMS

“SATA”	serial advanced technology attachment, a computer bus interface connecting host bus adapters to storage devices
“Scaler”	a processing block that resizes input images or video to match the resolution of different display panels
“SerDes”	serializer/deserializer, functional blocks used in high-speed communications to convert data between serial and parallel formats
“SoC”	system-on-chip, a chip which integrates the core components of a computer or other electronic system
“spatial computing”	a computing paradigm that senses and models real-world space and fuses it with digital content in real time
“tape-out”	the final stage in the IC design process where the verified physical design data (mask sets) is released to the semiconductor foundry for wafer fabrication
“UHD”	ultra-high-definition, 4K or higher video resolution
“USB/USB-C”	universal serial bus (USB), an industry standard for digital data transmission and power delivery; USB-C, a reversible connector standard
“UVM”	universal verification methodology, a standardized methodology for IC functional verification
“VGA”	video graphics array, a standard display interface
“VRR”	variable refresh rate, a display technology that allows the screen refresh rate to dynamically follow the frame rate of the video source, reducing tearing and stuttering
“wafer”	a circular silicon substrate used in the manufacturing of ICs, where various circuit structures can be fabricated to produce IC products with specific electrical functions
“4K”, “8K” or “10K”	generic terms for UHD display resolutions of approximately 3840×2160 pixels, 7680×4320 pixels, and 10240×4320 pixels, respectively

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and “Financial Information,” before making an [REDACTED] in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The market price of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industries in which we operate are highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.

Our industry requires long-term technical accumulation, and the global market remains largely dominated by overseas players who entered the field earlier than Chinese Mainland companies. The video processing chip market, timing-controller chip market, display driver chip market, and high-speed signal interconnect chip market each have approximately 50 participants and exhibit moderate fragmentation. In comparison, the AI interconnect chip market and video bridging chip market are more concentrated with 20 participants in each market. For more details see “Industry Overview — Industry Competition Analysis.” The localisation rate of our products in China is still relatively low. Compared with leading international competitors, we currently lag behind in various aspects, including overall scale, R&D capability, marketing network, customer base, and access to financing channels. As a result, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors. At the same time, we face increasing competition from domestic chip design companies in certain markets. If we fail to accurately assess market dynamics and industry trends, or fail to upgrade our technologies, in a timely manner, our competitive market position may be adversely affected.

We may also face competition from new entrants offering competitive products at lower prices. We may need to make substantial additional investments in research, development, marketing and sales, talent retention, and technology acquisition to respond, and we cannot assure you that such measures will be effective. If we cannot compete successfully, or if competing successfully requires costly actions in response to our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our inability to continuously advance our technological and R&D capabilities could render our products uncompetitive and obsolete.

We must continuously align our R&D with technological advancements and market demand, upgrade existing product lines, and develop new products. Our products address a variety of end markets, including intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC, each subject to frequent changes in end-user demand and industry trends. We continue to invest in advancing existing products and the R&D of new technologies to respond promptly in these developments. These investments may involve significant time, risks and uncertainties. If we do not achieve the benefits anticipated from these investments, or if they are delayed, our revenue and operating results may be

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adversely affected. If we cannot respond quickly to technological developments, we may lose our competitive position, and our products or technologies may become obsolete. We cannot guarantee that we will keep pace with all technological developments, that the market will accept our new products, or that our proprietary technologies will remain competitive. Even if we succeed in our R&D efforts, we may still encounter practical difficulties in commercializing our R&D outcomes. New technologies could render our products obsolete, leading to a decline in our revenue, profitability and market share.

Our success depends on our ability to protect and enforce our intellectual property rights and to maintain freedom to operate in all jurisdictions where we conduct business.

We regard our patents, trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on intellectual property laws and contractual arrangements, including confidentiality agreements with all of our employees, suppliers and distributors to protect our proprietary rights and to maintain freedom to operate in all jurisdictions where we conduct business. As of December 31, 2025, we had 122 granted patents in China, including 102 invention patents and 20 utility model patents, and 45 patents granted overseas, including in the U.S. and Japan. As of the same date, we had 160 software copyrights, 35 registered trademarks in China and 10 registered trademarks overseas. For more details, see “Business — Intellectual Property.” Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated.

It may be difficult to maintain and enforce intellectual property rights in the jurisdictions where we conduct business. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete provisions may be breached by counterparties, and our employees or business partners may intentionally or inadvertently disclose our proprietary technology to competitors. Preventing unauthorized use of our intellectual property is difficult and costly, and we may not be able to enforce our rights effectively in all jurisdictions. Any litigation to enforce our intellectual property rights could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure to protect or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

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

We operate under a fabless business model. Our business operations depend on the continuous service of certain suppliers, mainly wafer foundries, and chip assembly and testing providers. In each of 2023, 2024 and 2025, our purchases from our five largest suppliers were RMB153.8 million, RMB235.9 million and RMB282.3 million, respectively, representing 83.2%, 93.1% and 90.6% of our total purchases for the corresponding year. Among them, purchases from our largest supplier in each of 2023, 2024 and 2025 were RMB63.3 million, RMB104.1 million and RMB121.4 million, respectively, representing 34.3%, 41.1% and 39.0% of our total purchases for the corresponding year. For more details, see “Business — Supply Chain Management — Our Suppliers — Our Major Suppliers.” Therefore, our reliance on a limited number of suppliers remains relatively material.

We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If any of our key suppliers experience production disruptions, capacity constraints, or deterioration in business relationships with us, or become unable to supply products as scheduled or in sufficient quantities, we may fail to find replacements with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Any material adverse change to our major suppliers’ operations could adversely impact our business. Moreover, we have limited control

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over the quality, availability and costs of these partners. We cannot assure you that their products and services are free of defects, meet quality standards, or can keep pace with our demand. Any shortage in the raw materials used by these partners may delay their production, assembly and testing of our products.

In addition, increased regulation or stakeholder expectations regarding responsible sourcing practices could increase our compliance costs. Any failure by our wafer foundry partners to comply with such regulations or meet such expectations could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our wafer foundry partners, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

Any decrease in sales from, or loss of, one or more of our major customers would have negative impacts on our results of operations.

During the Track Record Period, a significant proportion of our revenue was derived from sales to certain of our distributor customers. In particular, our sales to the five largest customers in each of 2023, 2024 and 2025 amounted to RMB159.5 million, RMB240.4 million and RMB296.9 million, respectively, representing 49.4%, 51.6% and 52.3% of our total revenue for the corresponding year. For more details, see “Business — Our Customers.”

Given this customer concentration, our business and financial performance rely heavily on the continued purchases by, and relationships with, these major distributor customers. In particular, our customers may alter their purchasing volume or terminate their engagement with us due to internal procurement adjustments, changes in downstream-customer demand, intensified competition, product performance issues, or their own operational or financial challenges. There is no assurance that our major customers will continue to place orders at current levels. If our distributor customers fail to effectively sell our products, or prioritize competing products over ours, it could result in a significant decrease in our sales volume, which may materially and adversely affect our business, financial condition and results of operations.

Moreover, we cannot guarantee that we will renew existing customer agreements or enter into new ones on comparable terms, or that we will develop relationships with additional customers. Any disruption in our customer relationships could limit or reduce our sales volume and materially and adversely affect our business and results of operations. We are also exposed to the risk that customers may seek to impose unfavorable terms on us in the future, such as longer credit periods. Credit arrangements with our customers add pressure on our working capital and exposes us to the risks of default and bad debts.

Any failure to recruit, retain, or motivate our key personnel could materially and adversely affect our business, financial condition and results of operations.

Our future performance relies on the continued services and contributions of our Directors, senior management and other key employees, including core R&D personnel and skilled engineers, to execute our business plans, drive innovation, and manage key relationships. From time to time, changes in our senior management team could disrupt our business. Replacing and integrating new executives requires significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in high-speed mixed-signal transmission, video

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processing and interface protocol design. Any loss of our key personnel could significantly delay or prevent us from achieving our strategic objectives, and adversely affect our business, financial condition and operating results.

An increase in prices of materials and other components used in our products may disrupt our supply chain, increase our production costs, and delay deliveries of our products to customers, which would affect our business, financial condition and results of operations.

The semiconductor industry has experienced a very large expansion of fabrication capacity and production worldwide over time. Availability of certain basic materials and supplies has, from time to time, been in short supply. In addition, natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer’s production. Any shortage in supplies could affect the price of the above basic materials, and could reasonably affect our results of operations. For more details, see “Industry Overview — Price Analysis of Smart Video Chip and Interconnect Chip and Their Raw Materials.” As at 31 December 2023, 2024 and 2025, the carrying amounts of the Group’s raw material inventories were approximately RMB31.7 million, RMB59.0 million and RMB67.9 million, representing approximately 43.4%, 51.4% and 42.1% of the Group’s total inventories, respectively. As raw materials constituted a substantial portion of the Group’s inventories, any fluctuations in raw material prices could affect the carrying value of the Group’s inventories, which could in turn adversely affect our financial condition. In addition, production constraints or disruptions at the foundries from which we procure manufacturing services could have a material adverse effect on our business and results of operations.

Our revenue and business growth may be subject to significant volatility, and the rapid growth we have historically achieved may not be sustainable.

We experienced fast growth in our revenue during the Track Record Period. Specifically, in 2023, 2024 and 2025, our revenues were RMB323.1 million, RMB466.0 million and RMB568.2 million, respectively, with a CAGR of 32.6% from 2023 to 2025. We cannot assure you that we will be able to sustain our historical growth rate. If our technological capabilities fail to keep pace with the industry, or if competition intensifies or market conditions deteriorate, we may experience pricing pressure, reduced sales, or delayed market adoption of our new products, which could materially and adversely affect our financial performance and business prospects.

Our gross profit margin may fluctuate significantly due to changes in market conditions, product mix, costs, and competitive pressures.

Our gross profit margin may be affected by changes in downstream demand, product pricing, product mix, costs of raw materials and assembly and testing services, our design capabilities, and the competitive landscape. For instance, any increase in input costs, or a shift in product mix toward lower-margin products, could negatively impact our profitability. For more details, see “Industry Overview — Price Analysis of Smart Video Chip and Interconnect Chip and Their Raw Materials.” Moreover, maintaining or improving gross profit margin depends on our ability to enhance design efficiency, optimize product performance, and manage pricing in response to market competition. If we are unable to achieve these objectives, or if competition intensifies and exerts downward pressure on pricing, our profitability could be materially and adversely affected.

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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.

Our inventories consist of raw materials, materials consigned for processing and finished goods. Our diverse product portfolio, wide application areas, and relatively long production cycles require us to maintain sufficient inventories. Changes in downstream demand or declines in raw material prices (including wafers and components) may require us to recognize inventory write-downs or provisions, adversely affecting our operating results.

Furthermore, as our business expands, our inventory obsolescence risk may increase. If our fail to maintain proper inventory levels, excess inventory of our raw materials, work in progress or finished goods may accumulate, which may increase our inventory holding costs, risk of inventory obsolescence or write-offs. In 2023, 2024, and 2025, our inventory turnover days were 192.3 days, 160.8 days and 188.4 days, respectively, which are in line with those of other companies in the industry according to Frost & Sullivan. See “Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories.” Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share. Any of the aforementioned situations may materially and adversely affect our business prospects, financial condition and results of operations.

Our business is susceptible to the cyclical nature of the semiconductor industry and changes in government policies affecting the sector.

The semiconductor industry is characterized by periods of rapidly increasing or decreasing demand, closely linked to macroeconomic conditions and downstream markets. During industry fluctuations, we may be unable to timely adjust our workforce or appropriately manage our supply chain to meet changing demands. Any significant volatility in the semiconductor industry cycle in the future could materially and adversely affect our operating performance. During the Track Record Period, substantially all of our business operations were based in China and a sizable portion of our revenue was derived from our sales in China. We benefit from the PRC government’s supportive semiconductor policies. However, we cannot assure you that the PRC government will continue to maintain favorable policies for the semiconductor industry. Any reduction, discontinuation, or significant change in government support for the semiconductor industry could materially and adversely affect our business performance and growth prospects.

Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, we were recognized as a high-tech enterprise and a key chip design company encouraged by the Chinese government, and accordingly we were entitled to a preferential corporate income tax rate of 15% or 10% for the Track Record Period. Since January 1, 2023, we have been entitled to an additional 15% input VAT deduction. In addition, we recorded government grants of RMB13.2 million, RMB14.8 million and RMB9.0 million in 2023, 2024 and 2025, respectively, which mainly consist of incentives provided by local government authorities as a reward for our support and contribution for the development of local economies. Any expiration, reduction, or discontinuation of these incentives, or our inability to maintain the requisite qualifications, may materially and adversely affect our profitability.

Under the Several Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era (《關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》, issued by the State Council on July 27, 2020, effective the same day), nationally encouraged key integrated circuit design enterprises and software enterprises are exempt from corporate income tax for the first to fifth years starting from the first profit-making year, and are subject to corporate

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income tax at a reduced rate of 10% in subsequent years. Under the Announcement on Increasing the Super-deduction Ratio of R&D Expenses for Integrated Circuit and Industrial Mother Machine Enterprises (《關於提高集成電路和工業母機企業研發費用稅前加計扣除比例的公告》) promulgated by the MOF, the STA, the NDRC and the MIIT, effective from September 12, 2023, we are entitled to claim a 120% super-deduction of eligible R&D expenses (or a 220% amortization for intangible assets) in determining our tax assessable profits. Since 2024, we have claimed super-deduction of R&D expenses under these policies in ascertaining our tax assessable profits for the Track Record Period. We cannot assure that we will continue to enjoy government grants and preferential tax treatments at the same level or at all, in which case our business, financial condition and results of operations may be materially and adversely affected.

Our performance is subject to fluctuations in foreign currencies.

We are exposed to fluctuations in the exchange rate between the Renminbi and the U.S. dollar. Any substantial appreciation or depreciation of the Renminbi against the U.S. dollar could materially affect our procurement costs and overseas revenue. Our U.S. dollar-denominated transactions may increase along with our business growth. Our hedging and other risk-mitigating strategies may not be fully effective, and such fluctuations could lead to significant foreign exchange gains or losses, cause volatility in our profit margins, and materially and adversely affect our financial condition and overall business performance.

We may be subject to claims by third parties for intellectual property infringement.

Our competitors or other third parties may bring legal claims against us for infringing on their intellectual property rights, whether valid or not. The intellectual property laws in the jurisdictions where we operate are evolving, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation. Defending against such claims is costly and can significantly divert our management resources. We may need to pay damages or be forced to cease using certain technologies critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have a material and adverse effect on our business, results of operations and prospects.

Our products may be subject to warranty, indemnity and/or product liability claims, which could significantly harm our business and reputation.

Our products are highly complex and may contain defects. If our products contain defects, we may be incur additional development and remediation costs under warranty and indemnification provisions in our contracts and purchase orders. Product defects, including recalls, could result in claims from downstream customers and adversely impact our operating results. Third parties may also seek indemnification from us, and such liability may be significant. Further, we offer our products in our target end markets, where failure of the systems in which our products are integrated could cause damage to property or persons. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. Unresolved defects or quality issues could damage our reputation and adversely affect our results.

Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.

Our products are based on industry standards that continually evolve. We have established a rigorous and comprehensive quality assurance system in accordance with international standards for the semiconductor integrated circuit industry, and have obtained management system certification from SGS

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which is a globally recognized certification authority. Our future competitiveness depends on our ability to identify and ensure compliance with these evolving industry standards. New industry standards could render our products incompatible with other solution providers. Re-designing our products for compliance with relevant standards could be costly. Non-compliance with prevailing industry standards could cost us crucial design wins, which in turn could have a material adverse effect on our business, operations and financial results.

Future strategic acquisitions, alliances or investments may have a material effect on our results of operations, financial performance and business prospects.

We may enter into strategic acquisitions alliances, or investments with third parties to further our business purpose from time to time. Our ability to grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisitions. We may not be able to accurately assess the fair value of target businesses or assets, and may overpay for such acquisitions, which could adversely affect our financial condition and results of operations. Such acquisitions and investments may also require approval from the relevant government authorities, which can lead to compliance costs and increase uncertainty. In addition, investments and acquisitions could result in greater liabilities and expenses, unidentified issues not discovered in our due diligence, insufficient cash flow, or intangible assets and exposure to potential unknown liabilities of the acquired business. Further, our investments or acquisitions may not yield the results we expect. The integration process involves risks and uncertainties, including challenges in integrating acquired businesses and brands, such as aligning business operations, corporate culture, management systems and brand positioning, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or operational efficiencies. In the event that our investments and acquisitions are not successful, our results of operations, financial performance and business prospects may be materially and adversely affected.

The fair value of our financial investments at fair value through profit or loss may face uncertainties and be subject to fluctuations.

During the Track Record Period, we recorded financial investments at fair value through profit or loss (“FVPL”). We had financial investments at FVPL of RMB1,158.2 million, RMB867.9 million and RMB764.0 million, respectively, as of December 31, 2023, 2024 and 2025. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy and the valuation techniques, are disclosed in Note 37 to the Accountants’ Report in Appendix I to this document. Changes in assumptions or methodologies used in the valuation process could lead to substantial variations in the reported fair value of these financial assets. Consequently, any adverse changes in the fair value of these assets could materially and adversely affect our financial condition and results of operations.

Grants of equity incentives to our Directors, senior management, key employees and other employees potentially have a material and adverse effect on our financial performance.

We adopted and implemented the 2024 Restricted Shares Incentive Plan to attract and retain key personnel and align the interests of shareholders, the Company, and management in 2024. For more details, see “Statutory and General Information — D. 2024 Restricted Shares Incentive Plan”. In 2024, we repurchased an aggregate of 867,474 Shares, for this equity incentive plan. While the repurchase was conducted in accordance with relevant laws, regulations, and internal approval procedures, the actual use and allocation of the repurchased shares are subject to future implementation of the incentive plan, regulatory review, and market conditions. If we fail to implement the incentive plan as expected, or if the performance of the plan does not effectively retain and motivate key personnel, and the share repurchase may temporarily reduce our liquidity and capital resources, which could, under certain circumstances, have a material and adverse effect on our financial position, cash flow, and overall

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business operations. We may also grant additional share-based compensation in the future, which could dilute the shareholding percentage of our existing Shareholders and increase our operating expenses and therefore have an adverse effect on our financial performance.

We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of agreements.

We partner with third-party distributors for sales of our products. As of December 31, 2025, we had 25 Certified Distributors, which are primarily professional distributors in the semiconductor industry, providing comprehensive modern supply chain service. Revenue generated through our distributors accounted for 98.9%, 98.7%, and 98.8% of our total revenue in 2023, 2024, and 2025, respectively. For more details, see “Business — Sales, Marketing and Distribution — Our Distribution Channels.” There can be no assurance that we will be successful in detecting any non-compliance of our distributors with the provisions of their agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales. Furthermore, we may be exposed to the risks of fraud or other misconduct by our distributors, including unauthorized misrepresentation, IP misappropriation, or bribery. Any such events may expose us to costly litigation and impose a significant strain on our financial resources regardless of whether the claims have merit, and seriously harm our reputation.

Moreover, our distributors may be unable to sell adequate amounts of our products in a given period to end customers, which may result in a buildup of inventory level. This could have a material adverse impact on the sales of our products and, accordingly, to our business, financial condition, results of operations, and prospects. In addition, any significant growth in our sales to certain distributors, or changes to our sales and service network, may give rise to competition among our distributors and increase the risk of cannibalization. Any such behavior may harm our results of operation, financial conditions, business and prospects.

If we are unable to ensure the manufacturing or delivery of high-quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our financial prospects. We may face difficulties meeting our delivery deadlines when there is a surge in customer demand. If any of our third-party partners’ production facilities experience interruptions or delays, our ability to deliver products to customers would be impeded. Quality control and logistics issues may further delay deliveries. Such disruptions could materially harm our ability to fulfill orders and damage our reputation. Further, if our suppliers experience raw material shortages or cannot supply in required volumes, we may need to seek alternative sources, which could be costly and time-consuming, adversely affecting product deliveries and sales.

We are required under PRC laws and regulations to make social insurance and housing provident fund contributions for our employees. Failure to make such contributions in full or on time could result in late payment fees or fines.

Under the Social Insurance Law of the PRC and the Administrative Regulations on the Housing Provident Fund of the PRC, we are required to make full contributions to social insurance and housing provident funds for our employees. Any failure to make such contributions in full or on time, could result in late payment fees, penalties, or fines imposed by the relevant governmental authorities. Any non-compliance may also trigger administrative investigations or orders to rectify the contributions, requiring us to make additional payments and incur related costs. Furthermore, if we face investigations, disputes, or legal proceedings related to labor laws or employee benefits, we could incur

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significant legal fees, administrative costs, and reputational impact. We cannot assure you that the relevant authorities will not require us to make additional contributions or impose fines, which could materially and adversely affect on our business.

During the Track Record Period and as of the Latest Practicable Date, we made full contributions to the housing provident funds but did not make full contributions to the social insurance for certain employees based on their actual wages. The shortfall in social insurance contributions amounted to approximately RMB2.3 million, RMB3.0 million and RMB3.9 million in 2023, 2024 and 2025, respectively. Pursuant to applicable PRC laws and regulations, based on the shortfall amounts above, the maximum potential penalty would be approximately RMB6.9 million, RMB9.0 million and RMB11.7 million, in 2023, 2024 and 2025, respectively.

The Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labour Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the “**Interpretation**”) was issued on July 31, 2025, and became effective on September 1, 2025. Our Directors believe that the Interpretation will not have a material adverse effect on our business or financial performance, on the basis that (i) the employment contracts with our employees contain clauses stipulating our obligation to make social insurance contributions, and no employee has initiated legal proceedings against us concerning social insurance matters; (ii) our PRC Legal Adviser is of the view that the Interpretation constitutes a judicial interpretation and does not qualify as a law or administrative regulation governing social insurance administration, and accordingly social insurance authorities are not expected to proactively rely on the Interpretation as a basis for imposing administrative penalties; and (iii) the Interpretation does not apply to housing provident funds.

We will adopt the following measures to ensure compliance with applicable laws and regulations regarding social insurance and housing provident fund contributions: (i) strengthening employee training; (ii) designating specific personnel to oversee ongoing compliance; (iii) regularly monitoring developments in PRC social insurance and housing provident fund regulations; and (iv) seeking external legal advice.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

In 2023, 2024 and 2025, our trade receivables amounted to RMB5.5 million, RMB35.3 million and RMB79.7 million, respectively. The credit period granted to our customers was generally within one month after the performance obligations have been fulfilled, and we generally recovered trade receivables within one month. For more details, see “Financial Information — Selected Balance Sheet Items — Trade Receivables” and Note 20 to “Appendix I — Accountants’ Report.” We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. We may not be able to receive our customers’ payment of uncollected debts in full, or at all, and customer defaults could materially and adversely affect our financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If so, we may incur substantial costs in repairing or replacing these systems. If we do not effectively

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resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

Fraud, illegal activities, or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties that could subject us to liabilities, fines and other penalties imposed by government authorities. There is no assurance that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur. Any such conduct by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities.

Expanding into overseas markets may expose us to operational, financial and regulatory risks.

Developing international markets requires significant capital and human resources. We may not be able to identify profitable international markets. Even if we identify profitable international markets, we may not be able to enter into or compete in the identified markets due to factors such as, but not limited to (i) complicated local competitive landscape; (ii) different demand dynamics and customers’ preferences; (iii) different compliance requirements; and (iv) potentially adverse tax consequences. Any of such circumstances could adversely affect our reputation, business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. See “Business — Insurance.” We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical. However, any uninsured occurrence, including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may cause substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business and prospects depend on our ability to build, maintain and enhance our brand and reputation, which could be harmed by negative publicity.

Maintaining and enhancing our brand depends largely on our ability to continue to provide quality products, which we cannot assure you we will do successfully. Quality issues, product performance concerns, unfavorable pricing or poorly received new products could harm our reputation and damage customer relationships. Further, negative publicity concerning our Directors or employees, such as allegations of misconduct, conflicts of interest, regulatory non-compliance or personal controversies, could be perceived as reflecting on the integrity and governance of our Company. Any such negative publicity, whether warranted or not, could diminish investor confidence and materially and adversely affect our reputation, business operations, financial condition, results of operations, and prospects. In addition, we cannot assure you that our marketing efforts will lead to increased revenue, and even if so, such increases may not be sufficient to offset the expenses we incur in building and maintaining our brand.

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We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to various types of disputes or claims brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconduct of our employees. Such claims and disputes may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. See “Business — Legal Proceedings and Compliance — Legal Proceedings.” Litigation may be costly, divert management attention and we may need to pay significant amounts to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations.

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.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company in Hong Kong, the Stock Exchange and the SFC, as well as various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to changing social trends regarding environmental, social and governance risks. Complying with new and evolving requirements has increased, and is likely to continue to increase, our general and administrative expenses and divert our management time and attention. These laws, regulations and standards are subject to varying interpretations, creating uncertainty and additional compliance costs. If we fail to comply with them and any subsequent changes, we may be subject to penalties and our business may be harmed.

We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or be susceptible to potential wars or terrorist attacks. Any of these events, or other factors beyond our control, could adversely affect the overall business sentiment and environment, create uncertainties in the regions where we operate, and materially and adversely impact our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in the economic, political, regulatory, social conditions or government policies in the countries or regions where we operate could have a material and adverse effect on our business, financial condition and results of operations.

Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate fluctuations, and the financial system instability may impose new challenges and uncertainties on the global economy. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. For further details, see “— Our business, financial condition and results of operations may be materially and adversely affected by international trade actions, laws, regulations and policies and international export controls and economic sanctions.”

RISK FACTORS

As we are headquartered in Anhui, China and most of our operations are conducted in China, our business, financial condition and results of operations may be influenced by government policies in China, including policies to encourage the domestic economic growth and guide the allocation of resources. The chip design industry is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any adverse changes in these factors may materially and adversely affect our business, financial condition and results of operations.

We may be subject to the administrative approval, filing or other additional requirements of government authorities of the countries or regions where we operate in respect of overseas [REDACTED] and future capital raising activities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares change, we may be required to file with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and their implementation guidelines. The Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see “Regulatory Overview — Regulations and Laws Concerning Overseas Listings.” Any failure or perceived failure to make filings, report or comply with applicable laws and regulations could have a material and adverse effect on our future capital raising activities and result in negative publicity, legal proceedings or regulatory actions against us.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China jointly published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules impose confidentiality and archives management obligations on domestic enterprises undertaking overseas offerings, as well as on securities companies and service institutions involved in such offerings. Any failure to comply with the Archives Rules may materially affect our business, results of operations or financial conditions. In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or interpretations imposing additional requirements on approvals or filings for this [REDACTED] or future capital raising activities, we may not be able to obtain waivers of such requirements, which could materially and adversely affect our business, prospects, financial condition and the price of our Shares.

You should assess the legal protections you are entitled to under the legal systems in the countries and regions where we operate.

We are subject to the different applicable laws and regulations of the countries and regions where we operate. Our business and operations in China are subject to primarily written statutes, and prior court judgements have limited precedential value. In addition, lengthy legal proceedings may incur significant costs, divert our resources, and negatively affect our management’s attention from strategic planning and execution, which may materially and adversely impact our operational efficiency and overall business performance.

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You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our Directors and senior management.

We are a company incorporated under the laws of the PRC and most of our assets are located in the PRC. The majority of our Directors and senior management reside in the PRC. The assets of these Directors and senior management may also be located in the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or senior management, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of cases, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

Under the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) and other applicable laws, regulations, and interpretations, a court judgment obtained in other jurisdictions may be recognized and enforced in Chinese Mainland or Hong Kong based on applicable reciprocal enforcement treaties. However, China has not entered into such a treaty with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no such arrangement with the United States.

Our operations are subject to and may be affected by changes in tax laws and regulations of the countries or regions where we operate.

Since we mainly conduct business in the PRC, we are subject to periodic examinations on fulfillment of our tax obligations under PRC tax laws and regulations by PRC tax authorities. The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) imposes a tax rate of 25% on business enterprises. To the extent that there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. Moreover, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax regulatory authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, penalties or other actions that could materially and adversely affect our business, financial performance and results of operations.

Holders of our H Shares may be subject to income tax obligations of the countries or regions where we operate.

Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and investors’ jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or a place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain

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realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, subject to applicable tax treaties and the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui [1998]NO.61) (財稅[1998]61號) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Subsequent circulars, including the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) (財稅[2009]167號) and the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號), provide that shares subject to sales restrictions on PRC domestic exchanges are excluded from such exemption. As of the Latest Practicable Date, these provisions have not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Our business, financial condition and results of operations may be materially and adversely affected by international trade actions, laws, regulations and policies and international export controls and economic sanctions.

During the Track Record Period, a significant portion of our sales and procurement were in Hong Kong, Taiwan, and Malaysia. As a result, we face risks associated with international trade regulations and geopolitical developments. If global trade tensions intensify, or if relevant jurisdictions adopt restrictive trade policies or trade protection measures, such as anti-dumping or countervailing duties, our overseas customers may reduce orders, request price reductions, or require us to bear additional tariff costs. Our overseas suppliers may also be restricted or prohibited from supplying products or services to us. Any such developments could adversely affect our supply chain stability, production activities, and overall business operations.

In particular, the ongoing U.S.-China trade dispute has led to tariffs, export controls, and other measures targeting semiconductors. For an analysis of the impact of U.S. tariffs on our business, see “Business — Impact of the U.S. Tariffs.” Our products could be incorporated into end products

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imported into the United States, with any applicable tariff potentially being passed on to us by importers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers’ end products could lead to reduced or cancelled purchase orders.

The Export Administration Regulations (“**EAR**”), administered by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”), govern the export, reexport, and transfer of U.S.-origin items, including certain products, software, and technology, as well as certain foreign-produced items subject to the EAR under the Foreign Direct Product Rules, which may apply regardless of where an item is located or manufactured. Because we use U.S.-origin equipment and software in our chip design activities, our products may fall subject to the EAR. See “Business — Impact of U.S. Export Control and International Sanctions.”

The BIS maintains the Entity List that identifies persons, as well as the addresses of such persons, that are reasonably believed to be involved, or posing a significant risk of becoming involved in activities contrary to the national security or foreign policy interests of the United States. Parties on the Entity List are subject to additional licensing requirements for exports, reexports and transfers of items subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities to the Entity List. As the BIS rules are evolving, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, engaging with counterparties subject to heightened export control requirements may increase our compliance obligations and expose us to additional regulatory or operational risks.

We may use software and commodities subject to the EAR, including electronic design automation (“**EDA**”) software. However, the United States has continued to tighten export controls affecting China’s advanced semiconductor sector, and these developments may limit our access to key software, impact our design capabilities, and increase our design, production, and compliance costs.

In addition, issued on August 9, 2023, the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (“**Executive Order 14105**”) grants the U.S. government authority to implement an outbound investment screening regime. On October 28, 2024, pursuant to Executive Order 14105, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”) to restrict investments by U.S. persons and U.S.-controlled entities. The Final Rule took effect on January 2, 2025. The Final Rule targets investments by U.S. persons involving persons and entities associated with “countries of concern,” currently including Chinese Mainland, Hong Kong and Macau, that engaged in activities in certain sectors such as semiconductors and microelectronics, quantum information technologies or artificial intelligence (“**covered activities**”). The persons and entities from countries of concern engaged in covered activities are defined as “**covered foreign persons**.” Under the Final Rule, “covered transactions” include applicable investments by U.S. persons and acquisitions of equity interests (including purchases of shares in an initial public offering or contingent equity), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. Covered transactions are subject to prohibition or notification requirements. For an analysis of the Final Rule’s application to our business, see “Business — Impact of the U.S. Outbound Investment Rule.”

The U.S. government may further restrict cross-border collaborations or investments. On February 21, 2025, the U.S. President issued the “America First Investment Policy” memorandum, indicating that Executive Order 14105 is under review and may lead to new or expanded restrictions. As a result, the Final Rule, as amended from time to time, may increase the compliance burden of U.S. persons, affect the [REDACTED] sentiment, and negatively impact our ability to raise capital.

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During the Track Record Period, our products were primarily sold in Chinese Mainland, Hong Kong and Taiwan. We cannot assure you that our customers will not export their end products incorporating our products or solutions into jurisdictions where such exports are restricted or prohibited, in which case the customers’ demand for our products may drop significantly, materially and adversely affecting our business, financial condition and results of operations.

Failure to comply with anti-corruption laws, regulations and rules could subject us and/or our employees to investigations and administrative or criminal penalties.

We have adopted policies and procedures designed to ensure that our employees comply with the applicable PRC anti-corruption laws, rules and regulations. For details, see “Business — Risk Management and Internal Control.” There can be no assurance that the anti-corruption internal controls and procedures we have established will effectively prevent our non-compliance with the PRC anti-corruption laws, regulations and rules arising from actions taken by the individual employees without our knowledge. If this occurs, we and/or our relevant employees may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, financial condition and results of operations.

Failure to comply with regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or SAFE Circular 7. Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with the SAFE or its local branches and complete certain procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. In addition, the Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with the SAFE or its local branches before they exercise the share options. If we adopt any future share incentive plans based on our H Shares, we and our PRC employees participating in such plans will be subject to these regulations. Failure to complete SAFE registrations may subject us or them to fines and legal sanctions and could restrict our ability to adopt additional incentive plans for our employees under PRC law.

The SAT has also issued relevant rules and regulations concerning employee share incentives. If we implement such H Share-based incentive plans, we will be obligated to withhold individual income taxes and file relevant documents with tax authorities. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent government authorities.

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We are subject to the currency exchange regulatory system.

The PRC government supervises the convertibility of RMB into foreign currencies. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. New regulations could further restrict RMB remittance.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

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

Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible without the approval from the relevant regulatory authorities. The [REDACTED] performance of our H Shares and A Shares may not be comparable due to differences in [REDACTED] volumes, liquidity and [REDACTED] bases. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Furthermore, the historical prices of our A Shares may not be indicative of the future performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating your [REDACTED] decision in our H Shares.

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the [REDACTED], there was no public market for our H Shares. The [REDACTED] will be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, which may not be indicative of the market price of our H Shares after the completion of the [REDACTED]. If an active public market with sufficient liquidity and [REDACTED] volume for our H Shares does not develop or is not sustained after the completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

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The liquidity, [REDACTED] volume and [REDACTED] of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to you.

The [REDACTED] price and volume of our H Shares may be subject to significant volatility in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volume volatility that is not related to the operating performance of any particular company. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland listed in Hong Kong may also affect the volatility in the price of and [REDACTED] volume of our H Shares. The price and [REDACTED] volume of our H Shares may also experience significant volatility due to specific developments of our Company, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory changes, relationships with customers and suppliers, changes in key personnel, or actions taken by competitors.

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Furthermore, in order to adjust for the market development, we may consider selling additional Shares in the future. Consequently, our Shareholders may experience dilution of their holdings if we make such decisions. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares, which would further dilute the interest of our Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you that we will declare and distribute any amount of dividends in the future.

We cannot assure you when and in what form dividends will be paid on our H Shares after the [REDACTED]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business operations and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient profits to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See “Financial Information — Dividends.”

If we retain most, or all, of our available funds and any future earnings after the [REDACTED] to fund the innovation and development of our products, we may not pay any cash dividends in the foreseeable future. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial conditions and business strategies, expected working capital requirements and future expansion plans, the amount of distributions (if any) received by us from our subsidiaries, other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [REDACTED] or maintain the purchase price.

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You will incur immediate and substantial dilution if we [REDACTED] additional Shares in the future.

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per Share immediately prior to the [REDACTED]. As a result, you and other purchasers of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we [REDACTED] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may [REDACTED] Shares pursuant to share incentive schemes, which would further dilute Shareholders’ interests in our Company.

Certain facts, forecasts and other statistics contained in this document are derived from publicly available official government sources.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industry in which we operate are obtained from official government sources which are considered appropriate by us. However, we still cannot guarantee the quality or reliability of these sources. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Company, the Sole Sponsor or any other parties involved in the [REDACTED], no representation is given as to its accuracy, and such information may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should carefully consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains certain forward-looking and uses forward-looking terminology. For details, see “Forward-Looking Statements.” You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any underlying assumptions could prove inaccurate. Therefore, the forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You should read the entire document carefully and are cautioned against relying on the information in any press article or other media coverage which contains information not disclosed or in consistent with this document. Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Company and the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of such information, which is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Company or our H Shares. In making decisions as to whether to [REDACTED] in our H Shares, prospective [REDACTED] should rely only on the financial, operational and other information included in this document.

WAIVERS

In preparation of the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

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

Since our principal business and operations are substantially located, managed and conducted in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. FENG CHEN (陳峰) (“**Mr. Chen**”), an executive Director, and Mr. CHOW Tsz Ho (周梓浩) (“**Mr. Chow**”), one of our joint company secretaries. Mr. Chen confirms that he possesses valid travel documents and can readily travel to Hong Kong, whilst Mr. Chow ordinarily resides in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;
- (c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;
- (d) each of our Directors has provided his/her respective contact details, including addresses, office phone numbers, mobile phone numbers, email addresses and fax numbers (where applicable), to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;
- (e) our Company has appointed Rainbow Capital (HK) Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company for the period

WAIVERS

commencing on the date of the [REDACTED] of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

- (f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives of our Company or directly with our Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

In assessing “relevant experience,” the Stock Exchange will consider the individual’s:

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

We have appointed Ms. ZHAO Yu (趙彥) (“**Ms. Zhao**”) as one of our joint company secretaries. Ms. Zhao joined our Group in October 2012 and is our secretary of our Board. She is primarily responsible for board affairs, capital markets, and corporate governance matters of our Group. Although our Company believes, having regard to her past experience in handling corporate matters, that she has a thorough understanding of our Company and the Board, she does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Mr. Chow, who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Ms. Zhao in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED]. For the biographies of our joint company secretaries, see “Directors and Senior Management — Joint Company Secretaries” in this document. Over such three-year period, we will implement measures to assist Ms. Zhao to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

WAIVERS

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Ms. Zhao’s appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

- (a) Ms. Zhao must be assisted by Mr. Chow, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and
- (b) the waiver is valid for a period of three years from the [REDACTED] and will be revoked immediately if and when Mr. Chow ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Ms. Zhao will gain the relevant experience with the assistance of Mr. Chow. In addition, Ms. Zhao will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance her understanding of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Zhao has access to the relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange.

Before the end of the initial three-year period, we will evaluate Ms. Zhao’s experience in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Ms. Zhao, having had the benefit of Mr. Chow’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

[REDACTED]

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[REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. FENG CHEN (陳峰)	Room 301, Building 5 Gaosu Shidai Yufu Miaoyuan Feixi County, Hefei, Anhui, PRC	United States
Mr. SU Jin (蘇進)	Room 207, Building 49 Zhuyinli, Xiyuan Xincun Shushan District, Hefei, Anhui, PRC	Chinese
Non-Executive Director		
Mr. WU Wenbin (吳文彬)	Room 406 Building 78, East Campus of University of Science and Technology of China No. 96 Jinzhai Road Baohe District, Hefei, Anhui, PRC	Chinese
Independent Non-Executive Directors		
Mr. CHEN Lai (陳來)	Room 404, Building 30 No. 86 Rongcheng Road Economic and Technological Development Zone Hefei, Anhui, PRC	Chinese
Ms. WEN Dongmei (文冬梅)	Room 201, Building 57 Suixi Er Cun, Suixi Road Luyang District, Hefei, Anhui, PRC	Chinese
Ms. WONG Yee Man (黃綺汶)	47/F, M8, Yoho Midtown Yuen Lung Street Yuen Long, N.T. Hong Kong	Chinese (Hong Kong)

Further information about our Directors are set out in “Directors and Senior Management” in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	China Securities (International) Corporate Finance Company Limited 18th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:
Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:
Shanghai Allbright Law Offices
11/F, Shanghai Tower
No. 501 Yincheng Middle Road
Pudong New Area
Shanghai
PRC

As to International Sanctions Laws:
Commerce & Finance Law Offices
12–14th Floor
China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:
Edwin Kwok & Co
Rooms 1604–1607, 16/F
New World Tower 1
16–18 Queen’s Road Central
Central
Hong Kong

As to PRC laws:
DeHeng Law Offices
12/F, Tower B, Focus Place
19 Finance Street
Beijing
PRC

Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
2504, Shanghai Wheelock Square
No. 1717, Nanjing West Road
Jingan District
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance Advisor

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

[REDACTED]

CORPORATE INFORMATION

Registered Office	Building B3 Intelligent Equipment Technology Park No. 3963 Susong Road Economic and Technological Development Zone Hefei, Anhui, PRC
Headquarters and Principal Place of Business in the PRC	Building B3 Intelligent Equipment Technology Park No. 3963 Susong Road Economic and Technological Development Zone Hefei, Anhui, PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company’s Website	<u>www.lontiumsemi.com</u> <i>(The information on the website does not form part of this document)</i>
Joint Company Secretaries	Ms. ZHAO Yu (趙彧) Building B3 Intelligent Equipment Technology Park No. 3963 Susong Road Economic and Technological Development Zone Hefei, Anhui, PRC Mr. CHOW Tsz Ho (周梓浩) <i>(ACG, HKACG)</i> 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. FENG CHEN (陳峰) Room 301 Building 5, Gaosu Shidai Yufu Miaoyuan Feixi County Hefei, Anhui, PRC Mr. CHOW Tsz Ho (周梓浩) <i>(ACG, HKACG)</i> 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. CHEN Lai (陳來) <i>(Chairperson)</i> Ms. WEN Dongmei (文冬梅) Mr. WU Wenbin (吳文彬) Ms. WONG Yee Man (黃綺汶)

CORPORATE INFORMATION

Remuneration and Appraisal Committee Ms. WEN Dongmei (文冬梅) (*Chairperson*)
Mr. CHEN Lai (陳來)
Mr. SU Jin (蘇進)

Nomination Committee Ms. WEN Dongmei (文冬梅) (*Chairperson*)
Mr. CHEN Lai (陳來)
Mr. FENG CHEN (陳峰)
Ms. WONG Yee Man (黃綺汶)

Strategy Committee Mr. FENG CHEN (陳峰) (*Chairperson*)
Ms. WEN Dongmei (文冬梅)
Mr. SU Jin (蘇進)

[REDACTED]

Principal Banks

Bank of Hangzhou Co., Ltd., Hefei Branch
1/F, Block A3, Financial Port
No. 4872 Huizhou Avenue
Baohe District, Hefei, Anhui, PRC

China Merchants Bank Co., Ltd., Shenzhen Longgang Sub-branch
Units 102–104 and 204–205
Block A, Rongchao Yinglong Building
Longgang Central City, Longcheng Subdistrict
Longgang District, Shenzhen, Guangdong, PRC

INDUSTRY OVERVIEW

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

OVERVIEW OF THE SEMICONDUCTOR CHIP INDUSTRY

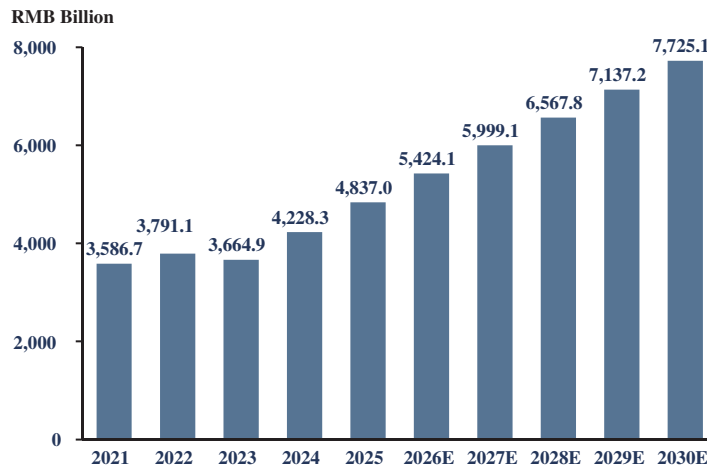
Market Overview of the Semiconductor Chip Industry

Semiconductor chips fall under four major product categories: optoelectronic devices, discrete devices, sensors, and integrated circuits (“ICs”). Optoelectronic devices emit, detect, and convert optical signals for high-speed communication, optical storage, and imaging systems, and serve as a critical bridge between light and electricity. Discrete devices, such as diodes, transistors, and power devices, handle high voltage, current, and power, making them essential for power management, signal switching, and energy conversion. Sensors refer to semiconductor components that can detect and perceive changes in physical, environmental, or chemical parameters and convert the collected information into signals that can be processed by equipment. Integrated Circuits integrate and package active devices such as transistors and diodes, passive components such as resistors and capacitors, and wiring onto a semiconductor wafer to perform specific functions. Based on the type of circuit that implements the main function of an IC, ICs are further divided into: 1) Digital ICs transmit, process, and handle digital signals. 2) Analog ICs process continuous analog signals such as light, sound, speed, and temperature. 3) Mixed-signal ICs convert, process, and coordinate control between analog and digital signals. Unlike digital and analog ICs, mixed-signal ICs focus on signal rate, bandwidth, jitter control, and signal integrity as their core performance indicators. Specifically, its interconnect chips, video bridge chips, video processing chips, and DDICs are classified as high-speed mixed-signal ICs, whereas TCONs are digital ICs. Under different communication protocols and signal-type scenarios, mixed-signal chips may be further classified into standard-speed mixed-signal chips and high-speed mixed-signal chips based on the processing speed of the relevant signals. High-speed mixed-signal chips refer to mixed-signal chips with high-rate processing capabilities, and generally have different quantitative definitions depending on different signal types and data transmission protocols. For example, under the USB protocol, according to the USB 2.0 Specification and USB 3.2 Specification, a data transmission rate of 480 Mbps or above is classified as High-Speed. Under the SATA protocol, according to the Serial ATA Revision 3.0 specification issued by the Serial ATA International Organization, a data rate of 1.5 Gbps or above is classified as high-speed serial data transmission. Under HDMI and other video transmission protocols, according to the HDMI 1.4 Specification, a maximum clock frequency of 340 MHz or above corresponds to the High-Speed category. Under automotive video transmission protocols, according to the HSMT standard, namely High-Speed Media Transmission, defined by the National Technical Committee of Auto Standardization, a forward transmission speed of 4 Gbps or above is classified as high-speed transmission. Our target markets are high-speed mixed-signal chips. According to Frost & Sullivan, high-speed mixed-signal chips constitute a clearly defined market segment supported by established quantitative criteria under applicable industry standards and are therefore regarded as an industry norm.

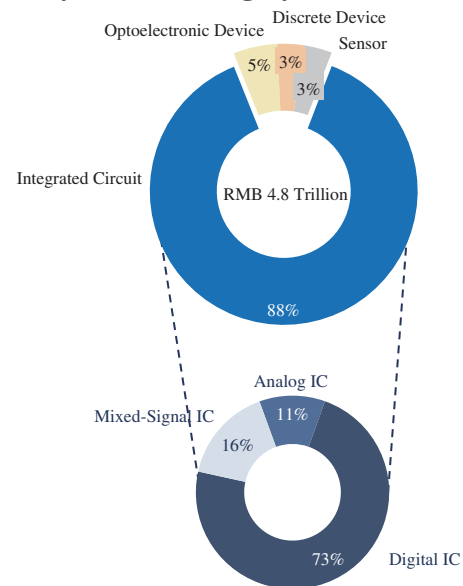
INDUSTRY OVERVIEW

In terms of market size, the global semiconductor chip market has continued to expand, driven by rising demand for high-performance electronic systems in automotive, smart terminals and industrial applications. The semiconductor industry represents a multi-trillion RMB market characterized by robust growth momentum. Within this landscape, ICs stand as the most valuable and critical category, accounting for 88% of the total semiconductor market size in 2025. Among ICs, mixed-signal chips represent an important category, capturing a 16% share of the IC market.

**Semiconductor Chip Market Size (by Revenue),
Global, 2021–2030E**



**Semiconductor Chip Market Structure
by Product Category, Global, 2025**



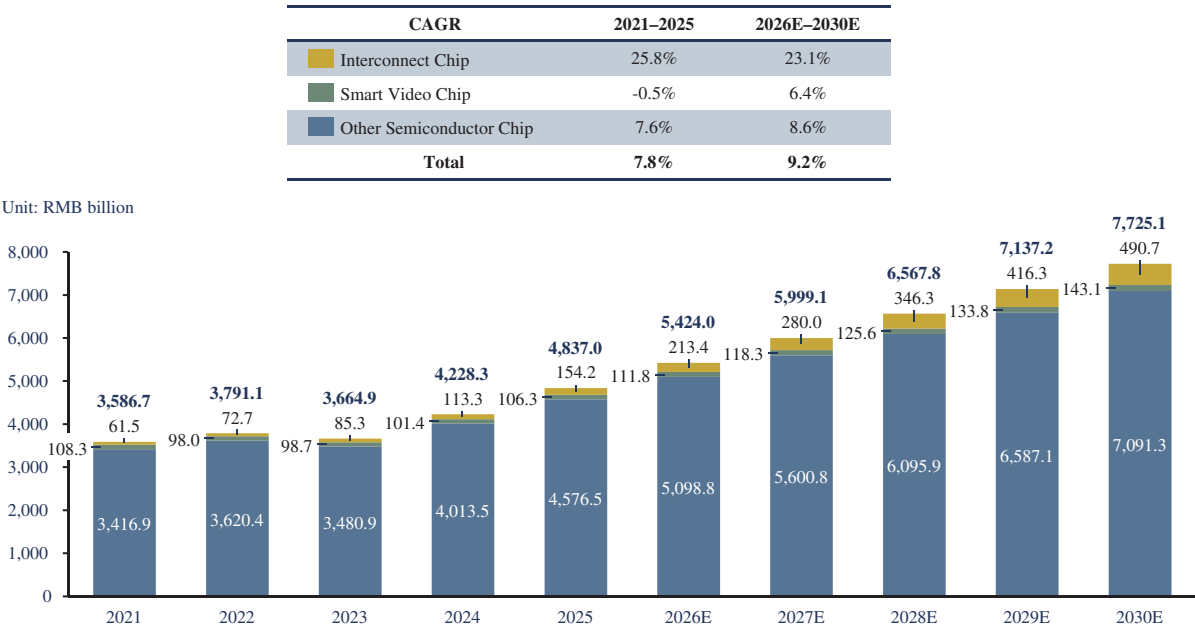
Source: Frost & Sullivan, World Semiconductor Trade Statistics

Overview of the Company’s Addressable Market

The Company’s addressable market includes two segments: Interconnect Chip and Smart Video Chip, which are two important sub-segments of the global semiconductor chip market. From 2021 to 2025, the combined market size of the Company’s addressable market grew from RMB169.8 billion to RMB260.5 billion. It is expected to further increase to RMB633.8 billion by 2030. In terms of market share, the combined proportion of interconnect chip and smart video chip in the global semiconductor market increased from 4.7% to 5.4% from 2021 to 2025, and is projected to rise to 8.2% in 2030.

INDUSTRY OVERVIEW

Semiconductor Chip Market Size (by Revenue), by Product, 2021–2030E



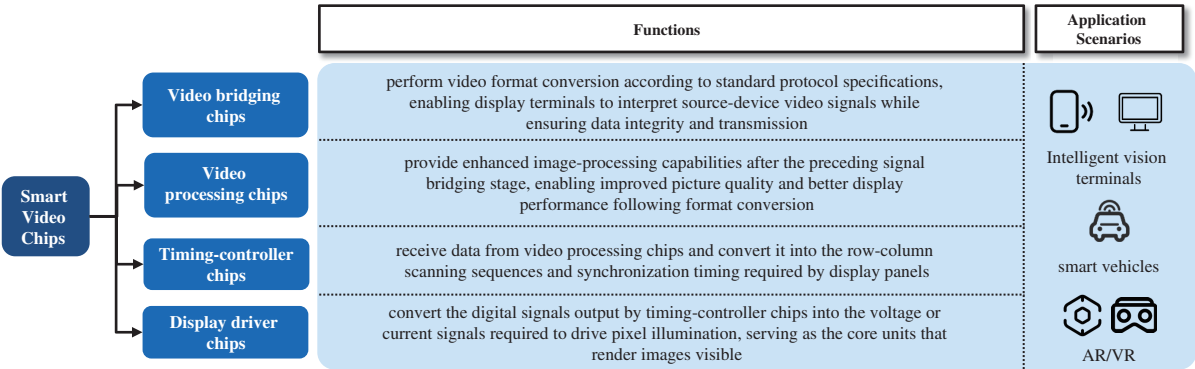
Source: Frost & Sullivan, World Semiconductor Trade Statistics

INDUSTRY ANALYSIS OF SMART VIDEO CHIPS

Definition and Classification of Smart Video Chips

Smart video chips are a foundational part of the terminal visual pipeline. Smart video chips cover processes including front-end video bridging, processing, and rear-end video display, thus forming a multi-functional and collaborative system of core components. Beyond traditional audio-video signal bridging, image processing, and codec functions, smart video chips are increasingly incorporating on-device computing capabilities to support the intelligent transformation of intelligent vision terminals, smart vehicles, AR/VR, etc. Based on functional categories, smart video chips primarily include video bridging chips, video processing chips, timing-controller chips, and display driver chips.

Definition and Classification of Smart Video Chips



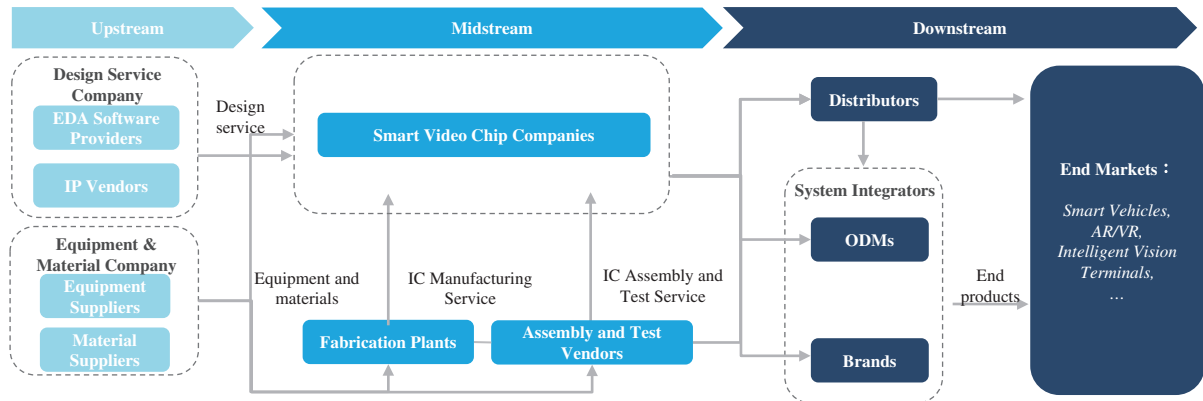
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Value Chain of the Smart Video Chip Industry

From an industry value-chain perspective, the upstream segment comprises EDA, software providers equipment suppliers and semiconductor material suppliers that support chip design and manufacturing. The midstream segment includes design companies, foundries and assembly and testing providers, with design houses as the central participants under a fabless model. The downstream segment consists of distributors, system integrators and terminal brands that commercialize smart video chips across end markets.

Smart Video Chip Industry Value Chain



Source: Frost & Sullivan

Market Size of Smart Video Chips

In terms of market size, between 2021 and 2025, the global market size decreased slightly from RMB108.3 billion to RMB106.3 billion, mainly due to cyclical fluctuations in downstream application sectors in 2022 and 2023, which led to a weakening in demand for smart video chips and consequently a decline in market size. Affected by the economic downturn caused by the global public health event, demand in the consumer electronics market was weak. Global shipments of consumer electronics products decreased from 2,327.7 million units in 2021 to 2,098.8 million units in 2022, a year-on-year decrease of 9.8%, and further declined to 2,016.4 million units in 2023, a year-on-year decrease of 3.9%, thus leading to a decrease in market size due to weakened demand for smart video chips. In 2024, with economic recovery and gradual easing of downstream cycles, demand for overall smart video chips began to rebound. Looking ahead, as AR/VR, smart vehicles, and intelligent terminal devices upgrade, the market for smart video chips is expected to grow rapidly. The market size of smart video chips will increase, at a CAGR of 6.4%, from RMB111.8 billion in 2026 to RMB143.1 billion in 2030. From 2026 to 2030, market growth is expected to be primarily driven by two structural factors. First, AI empowerment across terminal devices is accelerating, driving both replacement demand for existing devices and incremental demand from new application scenarios, thereby supporting a recovery in global consumer electronics shipments and stimulating corresponding growth in smart video chip demand. Second, both the number of chips per device and the value per chip are expected to increase simultaneously. On the one hand, rising levels of device intelligence are driving stronger requirements for video sensing, real-time processing and multimodal interaction, resulting in an increased number of smart video chips integrated per device. On the other hand, increasing functional complexity and performance requirements are elevating technical specifications, thereby enhancing the value of single chips. The combined effect of higher unit volumes and rising unit value constitutes the primary driver of the rapid expansion of the smart video chip market. China represents the largest regional market within the global smart video chip industry, accounting for approximately 55.3% of the global market size in 2025. The China market is expected to grow at a faster pace than the global average.

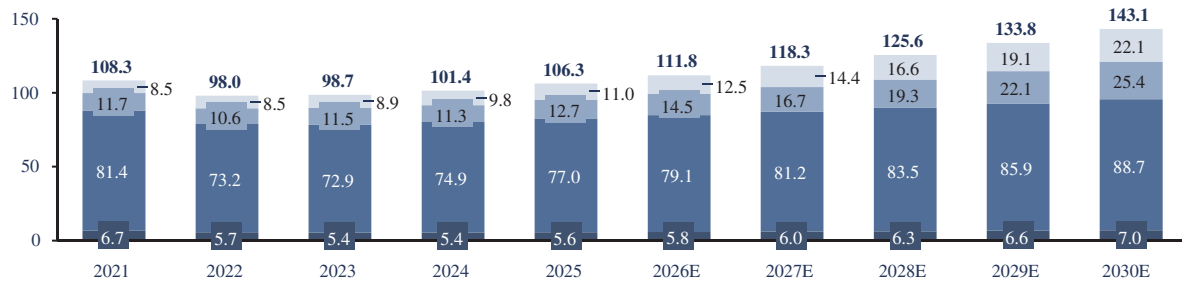
INDUSTRY OVERVIEW

From a product-segment perspective, video bridging chips and video processing chips are expected to represent the two fastest-growing segments within smart video chips. Driven by increasing demand from intelligent vision terminals, AR/VR devices and smart vehicles, their market sizes are projected to expand at a pace significantly exceeding that of other smart video chip categories.

Global Market Size of Smart Video Chips (by Revenue), by Product Segment, 2021–2030E

	CAGR	2021–2025	2026E–2030E
Video bridging chips		6.6%	15.3%
Video processing chips		2.0%	15.1%
Display driver chips		-1.4%	2.9%
Timing-controller chips		-4.7%	4.9%
Total		-0.5%	6.4%

Unit: RMB billion



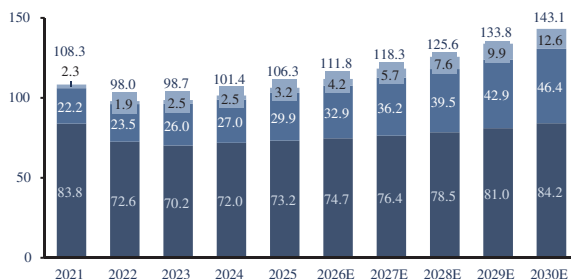
Source: Frost & Sullivan, World Semiconductor Trade Statistics

From the perspective of downstream application sectors, AR/VR and smart vehicles are expected to become the two fastest-growing and most promising core sub-segments. In the AR/VR segment, deeper penetration across consumer and commercial scenarios, together with enhanced immersive display and real-time interaction capabilities, is expected to drive rapid growth in demand for smart video chips. In the smart vehicles segment, the increasing adoption of multi-screen intelligent cockpits and the continued advancement of autonomous-driving technologies are expected to raise both chipset count and functional complexity per vehicle, thereby supporting sustained market expansion.

Global Market Size of Smart Video Chips (by Revenue), by Downstream Application, 2021–2030E

	CAGR	2021–2025	2026E–2030E
AR/VR		8.9%	31.8%
smart vehicles		7.7%	8.9%
intelligent vision terminals		-3.3%	3.0%
Total		-0.5%	6.4%

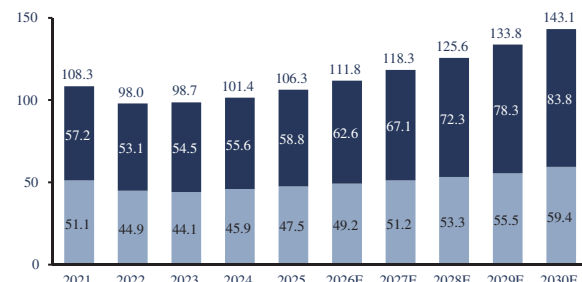
Unit: RMB billion



Global Market Size of Smart Video Chips (by Revenue), by Region, 2021–2030E

	CAGR	2021–2025	2026E–2030E
China		0.7%	7.6%
Other Regions		-1.8%	4.8%
Total		-0.5%	6.4%

Unit: RMB billion



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

INDUSTRY OVERVIEW

Drivers and Trends in the Smart Video Chip Industry

Steadily Rising Demand Across Diversified Downstream Markets. As core visual processors in terminal devices, smart video chips benefit from the continued expansion of downstream sectors such as smart vehicles, AR/VR and intelligent vision terminals. In smart vehicles, electrification and intelligent cockpit upgrades are driving higher vehicle shipments and increased chip demand. In the AR/VR sector, accelerating commercialization and enhanced immersive interaction are supporting rising device adoption, thereby boosting demand for smart video chips.

Multi-Dimensional Product Performance Upgrades. Continuous upgrades in downstream terminal products are raising performance requirements for smart video chips, driving simultaneous increases in chip demand and value per device. In smart vehicles, the growing complexity of intelligent cockpits and in-vehicle systems is increasing performance requirements and chip content per vehicle. In AR/VR devices, more advanced rendering and interaction capabilities are accelerating integration and processing upgrades, further supporting higher chip demand and value.

Products Evolving Toward Highly Integrated Architectures Combining Bridging, Computing and Perception. As intelligent terminals evolve toward lighter form factors, higher performance and lower latency, smart video chips are advancing toward higher levels of integration between bridging and perception functions. Upgrades in AR/VR devices, smart vehicles and intelligent vision terminals are driving demand for improved real-time processing, lower power consumption and more efficient system architectures, making integrated designs increasingly essential. At the same time, smart video chips are expected to incorporate lightweight front-end computing capabilities to support more complex on-device vision tasks, enhancing overall processing efficiency and reducing system-level latency.

Continued Progress Toward Supply-Chain Independence. Driven by growing demand for intelligent terminals, China is steadily advancing supply-chain independence in smart video chips. Although the industry has long been dominated by overseas players, domestic companies have narrowed the technology gap through sustained R&D investment. As local design and manufacturing capabilities continue to improve, the competitiveness and market penetration of domestic smart video chips are expected to increase across key application fields.

Favourable Policies Supporting Smart Video Chips. The smart video chip industry has benefited from recent policies that are directly tied to audiovisual electronics, smart terminals and high-definition display applications. The Electronic Information Manufacturing Industry Steady Growth Action Plan (2025–2026) 《電子信息製造業2025–2026年穩增長行動方案》) further supported the iteration and upgrade of audiovisual equipment, new displays, smart security, smart homes, smart wearables and XR terminals, and set a target for the domestic penetration rate of colour televisions of 75 inches and above to exceed 40% by 2026. The Opinions of the State Council on Deeply Implementing the “AI Plus” Initiative (《國務院關於深入實施“人工智能+”行動的意見》) also promoted the proliferation of new-generation intelligent terminals and agents. These policies support the adoption of smart displays, video conferencing, intelligent education, AR/VR/XR and smart IoT terminals, thereby creating favourable downstream demand for smart video chips.

INDUSTRY ANALYSIS OF INTERCONNECT CHIPS

Definition and Classification of Interconnect Chips

Interconnect chips are critical interface components in high-speed signal chains. By performing signal amplification, equalization, jitter compensation, clock-data recovery, and error correction, they ensure high signal integrity and stability under high-bandwidth and high-speed transmission conditions. Interconnect chips can be categorized into high-speed signal interconnect chips and AI interconnect chips. High-speed signal interconnect chips support high-speed transmission and signal integrity control

INDUSTRY OVERVIEW

for video and audio links, while AI interconnect chips enable high-speed data interconnection across computing systems. The two categories share a common technical foundation based on high-speed signal integrity and protocol adaptation, and are often deployed together in smart vehicles and intelligent terminals, creating natural synergy in both technology architecture and downstream applications.

Market Size of Interconnect Chips

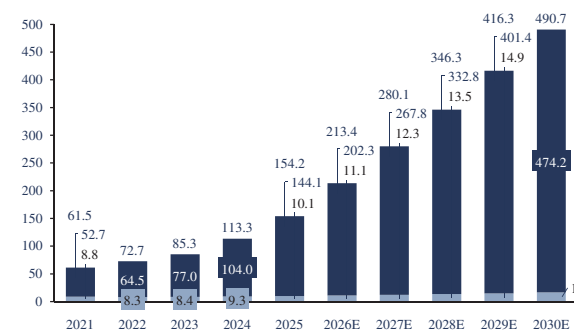
The global interconnect chip market grew steadily from 2021 to 2025 and is expected to expand further, driven by the rising demand for data processing and visual display in the AI era. China’s interconnect chip market has significantly outperformed the global market. Driven by technological upgrades, policy support and the rapid expansion of domestic digital infrastructure, it is expected to maintain a higher growth rate than the global market.

AI interconnect chips represent critical infrastructure for high-speed data transmission across AI servers, high-performance computing systems and intelligent terminals. Driven by the clustering of computing power, the upgrading of smart vehicle architectures and the broader adoption of high-speed interfaces, AI interconnect chips are expected to continue to grow.

Global Market Size of Interconnect Chips (by Revenue), 2021–2030E

	CAGR	2021-2025	2026E-2030E
AI interconnect chips		28.6%	23.7%
High-speed video interconnect chips		3.6%	10.4%
Total		25.8%	23.1%

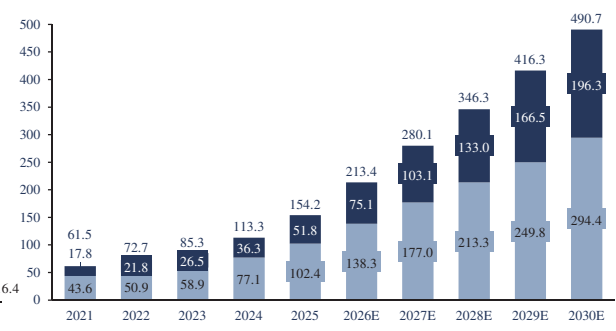
Unit: RMB billion



Global Market Size of Interconnect Chips (by Revenue), by Region, 2021–2030E

	CAGR	2021-2025	2026E-2030E
China		30.6%	27.1%
Other Regions		23.8%	20.8%
Total		25.8%	23.1%

Unit: RMB billion



Source: Frost & Sullivan, Semiconductor Industry Association, China Semiconductor Industry Association

Drivers and Development Trends of the Interconnect Chip Industry

Global Growth in Signal-Interconnect Demand Supports Expansion of the Interconnect Chip Market. The rapid growth of global data, video and audio signals has become a core driver of the interconnect chip industry. Global data generation is projected to rise from 197ZB in 2025 to over 630ZB by 2030, representing a CAGR of approximately 25%, fueled by AI servers, high-performance computing, smart vehicles and intelligent terminals. This trend is pushing AI interconnect chips to iterate in bandwidth, latency and stability. Meanwhile, wider adoption of smart vehicles, AR/VR, robots and drones is lifting video and audio traffic, boosting demand for high-speed signal interconnect chips.

Interconnection Protocol Iteration and Architectural Innovation Drive Product Value Upgrade. Accelerated iterations of interconnect protocols and continuous system architecture upgrades are driving higher value for interconnect chips. For AI interconnect chips, increasing transmission rates and

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computing-scale expansion are raising requirements for link stability and connectivity complexity, thereby enhancing product specifications and value. Meanwhile, the growth of high-resolution, multi-display and low-latency applications in intelligent terminals is increasing link complexity in video transmission, further elevating the importance and value of high-speed signal interconnect chips.

Favourable Policies Supporting Interconnect Chips. The interconnect chip industry has benefited from recent policies relating to AI computing infrastructure, high-speed data transmission, servers, edge computing, intelligent terminals, smart vehicles, audiovisual electronics and next-generation electronic equipment. The “Electronic Information Manufacturing Industry Steady Growth Action Plan (2025-2026)” (《電子信息製造業2025–2026年穩增長行動方案》) set a target for China’s server industry scale to exceed RMB400 billion by 2026 and encouraged the development of AI servers, efficient storage and advanced computing systems, while also promoting the intelligent and high-end upgrade of personal computers, smartphones, audiovisual equipment, new displays, smart wearables and XR terminals. These policy directions support high-speed data interconnection not only in cloud-side infrastructure, but also in edge-side and terminal-side application scenarios. The “15th Five-Year Plan” (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》) further emphasized the strengthening of efficient supply of computing power, algorithms and data, and the full implementation of the “AI+” initiative, supporting long-term demand for AI computing infrastructure and distributed intelligent applications across cloud, edge and terminal environments. In addition, the “Action Plan for High-quality Development of Computing Infrastructure” (《算力基礎設施高質量發展行動計劃》) set quantitative targets for intelligent computing, inter-cluster network latency, OTN coverage and IPv6/SRv6 deployment by 2025, further raising requirements for bandwidth, latency, signal integrity and protocol interoperability across AI servers, data centers, edge computing nodes, smart vehicles, AR/VR devices and intelligent terminals. These policies support demand for interconnect chips used in high-speed data transmission, video and audio signal interconnection, protocol conversion, signal integrity enhancement and low-latency connectivity across cloud-side, edge-side and terminal-side scenarios.

INDUSTRY COMPETITION ANALYSIS

Overview of the Competitive Landscape

The markets for smart video chips and interconnect chips are large and highly competitive, with stringent performance requirements in video processing and high-speed interconnect. International companies currently hold significant market share due to earlier technology deployment and more established product portfolios. However, with continued investment in core technologies, domestic companies are accelerating capability upgrades and demonstrating strong growth momentum. From the Group’s business perspective, the Group has completed, or is in the process of completing, its strategic layout across various sub-segments within these two core markets. Among them, the Group has established a relatively strong position in the video bridging chip segment. An overview of the competitive landscape across each sub-segment is set out below.

The video processing chip market, timing-controller chip market, display driver chip market, and high-speed signal interconnect chip market each have approximately 50 participants and exhibit moderate fragmentation. In these segments, Taiwanese, Korean and other foreign companies generally hold strong leadership, while domestic Chinese vendors are steadily gaining more market share. Specifically, the video processing chip market is led by international players such as Qualcomm, Xilinx, and Texas Instruments. The timing-controller chip market is dominated by Taiwanese companies like Novatek and MediaTek. The display driver chip market is led by Samsung, LX Semicon, and Novatek, with domestic companies such as Himax Technologies and Eswin gradually expanding their presence. The high-speed signal interconnect chip market is dominated by Texas Instruments, Parade Technologies, and Analog Devices.

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In comparison, the AI interconnect chip market and video bridging chip market are more concentrated with 20 participants in each market. The AI interconnect chip market is led by Broadcom, NVIDIA, Marvell, and Astera Labs. Domestic players including Montage Technology and Huawei have achieved certain breakthroughs in this area. The video bridging chip market has approximately 30 participants while domestic manufacturers have made rapid progress in recent years.

In 2025, the global video bridging chip market remained highly concentrated. The top eight companies together held approximately 81.4% of the market. The Company, as one of the leading players in the segment, recorded revenue of RMB0.5 billion and held a market share of 4.1%. The Company ranked fifth globally and first among Chinese Mainland-based companies.

Global Ranking of Video Bridging Chip Companies (by Revenue), 2025

Ranking	Company Name	Revenue (RMB billion)	Market Share %
1	Company A	4.0	36.4%
2	Company B	2.4	22.2%
3	Company C	0.7	6.1%
4	Company D	0.5	4.3%
5	The Company	0.5	4.1%
6	Company E	0.4	3.3%
7	Company F	0.3	3.1%
8	Company G	0.2	2.0%
	Others	2.0	18.6%
	Total	11.0	100%

Source: Frost & Sullivan, Companies' Annual Reports

Notes:

- (1) Company A is a listed company founded in 1930 and headquartered in Texas, United States, providing video bridging chips, video interface conversion chips and signal-chain devices used in industrial equipment, automotive electronics and consumer electronics.
- (2) Company B is a listed company founded in 1965 and headquartered in Massachusetts, United States, providing high-speed data converters, SerDes interface chips and signal-processing devices for video transmission links used in industrial control, communication equipment and automotive electronics.
- (3) Company C is a listed company founded in 1958 and headquartered in Kyoto Prefecture, Japan, providing video driver chips, display interface chips and high-speed signal-conditioning devices used in automotive electronics, industrial equipment and consumer electronics.
- (4) Company D is a listed company founded in 1996 and headquartered in Taiwan, China, providing video bridging chips and multi-format interface conversion chips supporting HDMI, DisplayPort, VGA and other standards used in notebook computers, monitors and consumer electronics.
- (5) Company E is a private company founded in 1875 and headquartered in Tokyo, Japan, providing in-vehicle image-processing chips, video interface driver devices and image signal-processing chips used in automotive electronics, industrial equipment and consumer electronics.
- (6) Company F is a listed company founded in 2005 and headquartered in Hsinchu, Taiwan, providing high-speed video interface chips including DisplayPort, HDMI and USB-C, as well as multi-protocol video bridging chips used in notebook computers, monitors and consumer electronics.
- (7) Company G is a private company founded in 2002 and headquartered in Beijing, China, providing high-speed SerDes transmission and processing solutions, mixed-signal circuit technologies and protocol-conversion chips used in consumer electronics and smart vehicle applications.

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In 2025, the global interconnect chip market remained highly concentrated and was primarily dominated by established international semiconductor companies, which benefited from strong technological capabilities, broad product portfolios and extensive customer resources. The global interconnect chip market has around 60 participants. The top five companies together held approximately 89.9% of the market, indicating a highly concentrated competitive landscape. Chinese Mainland-based players currently accounted for a relatively small share of the global interconnect chip market, as the market remains at an early stage of domestic substitution and technological catch-up. Looking ahead, driven by ongoing technological advancement among domestic players, increasing demand for localized supply chains, and rising demand for high-speed data and video interconnection, Chinese Mainland-based players are expected to gradually expand their presence and increase their market share.

Global Ranking of Interconnect Chip Companies (by Revenue), 2025

Ranking	Company Name	Revenue (RMB billion)	Market Share %
1.	Company H	65.0	42.2%
2.	Company I	47.0	30.5%
3.	Company J	15.5	10.1%
4.	Company K	6.1	4.0%
5.	Company L	5.0	3.2%
...	The Company	0.1	0.1%

Source: Frost & Sullivan, Companies' Annual Reports

Notes:

- (1) Company H is a listed company founded in 1993 and headquartered in California, United States, providing high-performance interconnect chips, networking solutions and data center connectivity products used in AI computing, cloud infrastructure and high-performance computing applications.
- (2) Company I is a listed company founded in 1961 and headquartered in California, United States, providing high-speed connectivity chips, switching solutions and interface products used in data centers, enterprise networking equipment and AI infrastructure.
- (3) Company J is a listed company founded in 1995 and headquartered in California, United States, providing data infrastructure semiconductor solutions, including high-speed interconnect chips, networking devices and connectivity products used in AI infrastructure, cloud computing and enterprise networking applications.
- (4) Company K is a listed company founded in 2017 and headquartered in California, United States, providing high-speed connectivity and interconnect solutions used in AI servers, cloud computing infrastructure and data center applications.
- (5) Company L is a private company founded in 1987 and headquartered in Shenzhen, China, providing ICT infrastructure, data communications products, AI computing infrastructure and high-speed interconnect solutions used in communications networks, cloud computing and data center applications.

Market Entry Barriers

The smart video chip and interconnect chip industry is characterized by significant technical barriers, customer barriers, and supply chain barriers. Technical barriers arise because smart video chips and interconnect chips require advanced capabilities in high-speed transmission, low latency and power efficiency, supported by long-term technological accumulation and cross-application development experience, while lengthy development cycles and complex validation processes make it difficult for new entrants to deliver production-ready solutions. Customer barriers arise from stringent qualification and verification requirements imposed by customers, together with long cooperation cycles, high ecosystem compatibility standards and high switching costs, which make it difficult for new entrants to

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displace established vendors. Supply chain barriers arise because the industry requires stable coordination across wafer fabrication and assembly-testing partners to ensure capacity, quality and timely delivery, and building reliable and diversified supply chain partnerships typically takes a long time.

Threats and Challenges for the Smart Video Chip Market and the Interconnect Chip Market

As segments of the broader semiconductor industry, the smart video chip and interconnect chip markets face similar risks arising from demand volatility, supply-chain reliance, competitive pressure and rapid technological change. On the demand side, fluctuations in downstream application markets and macroeconomic cycles may lead to variability in market growth and shipment volumes. On the supply side, the prevalent fabless model creates reliance on third-party foundries and assembly partners, making product availability and cost structures sensitive to capacity constraints or operational disruptions. In addition, intense competition from established international players and increasingly capable domestic peers may result in pricing pressure and margin compression. Finally, fast-paced technological advancement and evolving industry standards require sustained R&D investment, and failure to keep pace may weaken competitiveness or lead to product obsolescence.

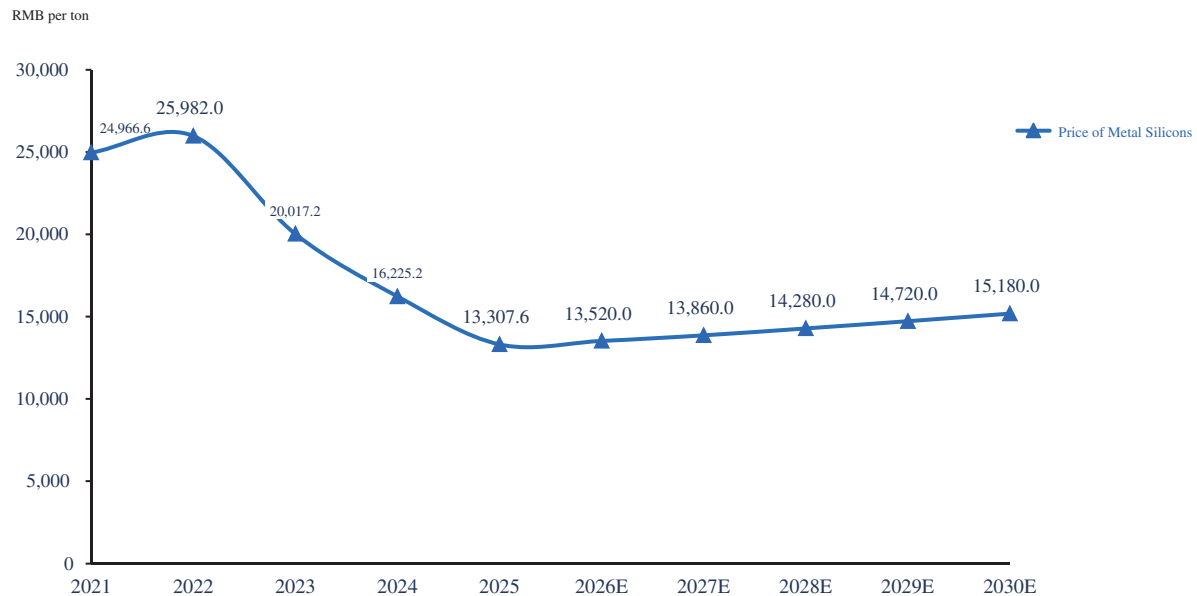
Price Analysis of Smart Video Chip and Interconnect Chip and Their Raw Materials

Smart video chips and interconnect chips encompass a wide range of product categories, comprising hundreds of distinct models with varying specifications, performance characteristics, and functional configurations. Many are designed for specific end-application scenarios, and even within the same application, different device models typically serve differentiated performance and functional requirements. As a result, ASP of these products vary significantly. In general, the ASP of smart video chips ranges from approximately RMB1 to over RMB350 per unit, while interconnect chips typically range from approximately RMB1 to over RMB700 per unit, depending on product type and application scenario.

The Group operates under a fabless business model and does not directly procure production inputs. Accordingly, its discussion of historical and projected cost movements primarily refers to the prices of key inputs used by wafer foundries. The price volatility in 2021–2022 resulted mainly from a temporary mismatch between supply and demand. On the demand side, rapid growth in downstream industries drove a sharp increase in semiconductor orders at wafer foundries. During this period, the widespread adoption of electric vehicles and the acceleration of automotive electrification and intelligence significantly increased semiconductor content per vehicle, thereby further supporting demand growth. In addition, heightened geopolitical uncertainties led certain downstream customers to build precautionary inventories, intensifying short-term demand pressures across the semiconductor supply chain. On the supply side, semiconductor manufacturing capacity remains structurally concentrated among a limited number of leading wafer foundries, while pandemic-related disruptions constrained the timely release of capacity. These conditions resulted in tight conditions at the wafer fabrication level, which were transmitted upstream and contributed to elevated prices of major cost items.

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Average Industry Price of 533-Grade Metallurgical Silicon, 2021–2030E



Source: Frost & Sullivan

Source of Information

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the Frost & Sullivan Report on, the smart video chip and interconnect chip market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategy consulting and corporate training. We commissioned Frost & Sullivan to provide market research services for a total fee of RMB720,000.

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

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

REGULATORY OVERVIEW

This section provides an overview of the major laws, regulations and rules relevant to our business in the PRC and Singapore. The information contained herein shall not be interpreted as a comprehensive summary of all laws and regulations applicable to us.

LAWS, REGULATIONS AND POLICIES IN CHINA

Industrial Policies

Domestic industrial development primarily follows relevant industrial structure guidelines issued by the National Development and Reform Commission of the People’s Republic of China (the “NDRC”) and the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”).

Pursuant to the Industrial Structure Adjustment Guidance Catalog (2024 Edition) (《產業結構調整指導目錄(2024年本)》), issued by the NDRC on December 27, 2023, effective February 1, 2024), industries such as integrated circuit design are classified as encouraged industries.

According to the Outline of the People’s Republic of China’s 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), issued by the National People’s Congress of the People’s Republic of China (the “NPC”) on March 12, 2021, effective the same day), it is pointed out that it is necessary to strengthen original and leading scientific and technological research, formulate and implement strategic scientific plans and scientific projects in basic core areas related to national security and overall development. The implementation of a series of forward-looking and strategic major national science and technology projects is also highlighted as essential. These projects should aim at cutting-edge fields such as artificial intelligence, quantum information, integrated circuits, life and health, brain science, biological breeding, aerospace science and technology, deep earth and deep sea.

According to the “14th Five-Year Plan” for Digital Economy Development (《「十四五」數字經濟發展規劃》), issued by the State Council on December 12, 2021, effective the same day), during the “14th Five-Year Plan” period, the competitiveness of core industries should be elevated. Focus will be placed on enhancing the supply capacity of fundamental software and hardware, core electronic components, critical raw materials, and production equipment, thereby bolstering the self-sufficiency of key products. Initiatives will be implemented to reinforce and fortify the industrial chain. Efforts will be directed towards fostering technological convergence and product innovation tailored to diverse application scenarios, strengthening the competitiveness of critical industrial chain segments, and refining the supply chain ecosystems for pivotal industries including 5G, integrated circuits, new energy vehicles, artificial intelligence, and the industrial internet.

According to the Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), issued by the State Council on June 24, 2014, effective the same day), the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The main tasks and development priorities are to focus on the development of integrated circuit design industry, centering on key areas of the industry chain, strengthening integrated circuit design, software development, system integration, content and service collaborative innovation, and driving the development of the manufacturing industry with the rapid growth of the design sector.

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Company Laws and Regulations

The Company Law of the People’s Republic of China

The establishment, operation, and management of companies in China are governed by the Company Law of the People’s Republic of China (《公司法》, the “**Company Law**”). The Company Law was amended by the Standing Committee of the National People’s Congress of the People’s Republic of China (the “**NPCSC**”) in 2023 and became effective on July 1, 2024. The Company Law applies to all Chinese companies, including foreign-invested enterprises, unless otherwise stipulated by foreign investment-related laws. According to the Company Law, companies established in China are either limited liability companies or joint stock limited companies, regulated by the Company Law.

Restrictions on Equity and Share Transfer

Generally, the target investors for H-shares issued by domestic companies should be overseas investors. When domestic investors subscribe for H-shares issued by domestic companies, they shall comply with relevant regulations on cross-border investment, such as the Qualified Domestic Institutional Investor (QDII) scheme or Outbound Direct Investment (ODI) registration.

According to the Company Law, shares issued prior to a public offering shall not be transferred within one year from the date the company’s shares are listed and traded on a stock exchange. Directors, supervisors, and senior management personnel of the company shall report their holdings of the company’s shares and any changes therein to the company. During their term of office, the number of shares they transfer each year shall not exceed 25% of the total shares of the company held by them at the time of their appointment. The aforementioned personnel shall not transfer the shares of the company held by them within six months after leaving their posts. The company’s articles of association may impose other restrictive provisions on the transfer of shares held by the company’s directors, supervisors, and senior management personnel.

Laws and Regulations Concerning Foreign Investment

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》, issued by the NPC on March 15, 2019, effective January 1, 2020) established that the State implements a pre-establishment national treatment plus negative list management system for foreign investment. Pre-establishment national treatment means affording foreign investors and their investments treatment no less favorable than that afforded to domestic investors and their investments during the investment access phase. A negative list refers to special administrative measures for market access implemented by the State for foreign investment in specific sectors. Foreign investments outside the negative list shall receive national treatment. Furthermore, the Regulations for the Implementation of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》, issued by the State Council on December 26, 2019, effective January 1, 2020) stipulated that the State shall formulate an Encouraged Catalogue for Foreign Investment Industries (《外商投資產業鼓勵目錄》) based on the needs of national economic and social development, listing specific industries, fields, and regions where foreign investment is encouraged and guided.

According to the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》, issued by the NDRC and the Ministry of Commerce of the People’s Republic of China (the “**MOFCOM**”) on September 6, 2024, effective November 1, 2024), which replaces the previous negative list, domestic enterprises engaged in businesses prohibited by the negative list that seek to issue shares overseas and have them listed for trading must obtain approval from the relevant competent national authorities. Overseas investors shall

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not participate in the enterprise’s operation and management, and their shareholding ratio shall be implemented with reference to the relevant regulations governing overseas investors’ domestic securities investments.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》, issued by the NDRC and the MOFCOM on December 19, 2020 and effective January 18, 2021, the “**Measures**”), foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism’s office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

Laws and Regulations Concerning Outbound Investment

According to the Administrative Measures for Outbound Investment (《境外投資管理辦法》, issued by the MOFCOM on September 6, 2014, effective October 6, 2014), MOFCOM and provincial-level commerce authorities implement filing and approval management based on different circumstances of enterprise outbound investment. Outbound investments involving sensitive countries/regions or sensitive industries are subject to approval management. Other outbound investments are subject to filing management.

According to the Administrative Measures for Enterprise Outbound Investment (《企業境外投資管理辦法》, issued by the NDRC on December 26, 2017, effective March 1, 2018), domestic enterprises in China (the “**investment entities**”) conducting outbound investment shall fulfill procedures such as project verification or filing for overseas investment projects (the “**projects**”), report relevant information, and cooperate with supervision and inspection. The scope of verification management covers sensitive projects directly undertaken by the investment entity or through overseas enterprises it controls. The scope of filing management covers non-sensitive projects directly undertaken by the investment entity. The Sensitive Industries Catalogue for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》, issued by the NDRC on January 31, 2018, effective March 1, 2018) details the sensitive industries for outbound investment.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, issued by the State Administration of Foreign Exchange (the “**SAFE**”) on February 13, 2015, effective June 1, 2015), the approval for foreign exchange registration for direct investment was abolished. Banks directly handle foreign exchange registration for inbound and outbound direct investment items, while SAFE and its local branches exercise indirect supervision over banks.

Laws and Regulations Relating to Network Security and Data Security

According to the National Security Law of the PRC (《中華人民共和國國家安全法》, issued by the NPCSC on July 1, 2015 and effective the same day), the state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of

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foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities to effectively prevent and resolve national risks.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》, issued by the NPCSC on November 7, 2016 and effective June 1, 2017), those who build, operate or provide services through networks shall take technical measures and other necessary measures according to laws, administrative regulations and compulsory national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》, issued by the NPCSC on June 10, 2021 and effective September 1, 2021), the State shall establish a data classification and tiered protection system to implement categorized and tiered safeguards for data. Entities carrying out data processing activities shall establish a sound data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

Laws and Regulations Concerning Import and Export of Goods

According to the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》, most recently amended by the NPCSC on December 30, 2022, effective the same day), the competent department of foreign trade under the State Council is responsible for national foreign trade. The competent department of foreign trade under the State Council, in conjunction with other relevant departments under the State Council, formulates, adjusts, and publishes the catalogue of goods and technologies subject to import or export restrictions or prohibitions. The competent department of foreign trade under the State Council or in conjunction with other relevant departments under the State Council may, upon approval by the State Council, temporarily decide to restrict or prohibit the import or export of specific goods or technologies not listed in the aforementioned catalogue, within the scope permitted by law.

According to the Notice on Matters Concerning the Filing of Consignees and Consignors of Import and Export Goods (《關於進出口貨物收發貨人備案有關事宜的通知》, issued by the General Administration of Customs of the People’s Republic of China (the “GACC”) on January 3, 2023, effective the same day) and the Administrative Provisions of the Customs of the People’s Republic of China on Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》, issued by the GACC on November 19, 2021, effective January 1, 2022), effective January 3, 2023, consignees/consignors of import/export goods and customs declaration enterprises applying for filing shall obtain market entity qualification, and are no longer required to obtain foreign trade operator filing.

Laws and Regulations Concerning Product Quality

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》, the “Civil Code”, issued by the NPC on May 28, 2020, effective January 1, 2021), if personal injury is caused by a defective product, the producer shall bear tort liability. If a defect is discovered after the product has been put into circulation, the producer and seller shall promptly take remedial measures such as ceasing sales, issuing warnings, or initiating recalls. If remedial measures are not taken promptly or are ineffective, causing the expansion of damages, the producer and seller shall also bear tort liability.

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According to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), most recently amended by the NPCSC on December 29, 2018, effective the same day), products sold must comply with relevant safety standards. Sellers shall take measures to maintain the quality of the products they sell. The State implements a supervision and inspection system for product quality, primarily based on random sampling. Sellers shall not adulterate products, pass off fake products as genuine ones, pass off defective products as non-defective ones, or pass off substandard products as qualified ones. For sellers, any violation of national or industry health and safety standards or other requirements may lead to civil liability and administrative penalties. Furthermore, in serious cases, individuals or enterprises may face criminal liability. If personal injury or damage to other people’s property is caused by a defective product, the consumer or victim may claim compensation from the producer of the product, or from the seller of the product. If the seller compensates for the producer’s liability, the seller has the right to recover the compensation from the producer. If the producer compensates for the seller’s liability, the producer has the right to recover the compensation from the seller.

Laws and Regulations Concerning Production Safety

The Law of the People’s Republic of China on Work Safety

According to the Law of the People’s Republic of China on Work Safety (《中華人民共和國安全生產法》), most recently amended by the NPCSC on June 10, 2021, effective September 1, 2021), the State implements a system of accountability for production safety accidents. Production and business operation entities must strengthen work safety management, improve work safety conditions, enhance work safety standardization, and raise the level of work safety. Production and business operation entities shall possess the work safety conditions stipulated by this Law and other relevant laws, administrative regulations, and national or industry standards; those that do not possess the work safety conditions shall not engage in production or other business activities.

Laws and Regulations Concerning Fire Protection

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》), amended by the NPCSC on April 29, 2021, effective the same day), upon completion of construction projects designated by the competent department of housing and urban-rural development under the State Council as requiring fire protection acceptance, the construction entity shall apply for fire protection acceptance from the competent department of housing and urban-rural development. For other construction projects, the construction entity shall report to the competent department of housing and urban-rural development for the record after completion, and the competent department of housing and urban-rural development shall conduct random inspections. Construction projects that are required by law to undergo fire protection acceptance shall not be put into use if they have not undergone acceptance or have failed acceptance. Other construction projects that fail random inspections in accordance with the law shall cease to be used.

Laws and Regulations Concerning Real Estate

Laws and Regulations Concerning Land Use Rights and Real Estate Registration

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》), most recently amended by the NPCSC on August 26, 2019, effective January 1, 2020), the right to use state-owned land can be legally transferred or allocated to construction units or individuals.

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According to the Civil Code, the establishment, alteration, transfer and extinction of real property rights, where registration is required by law, shall take effect upon being recorded in the real estate register. The certificate of real property rights is the proof that the right holder enjoys the real property rights.

According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》, most recently amended by the State Council on March 10, 2024, effective May 1, 2024) and the Detailed Rules for the Implementation of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》, most recently amended by the Ministry of Natural Resources on May 9, 2024, effective the same day), the State implements a unified real estate registration system. Real estate registration adheres to the principles of strict management, stability and continuity, and convenience for the people. Real estate registration is handled by the real estate registration authority of the county-level or higher people’s government where the real estate is located.

Laws and Regulations Concerning Property Leasing

According to the Measures for Administration of Commercial Housing Leasing (《商品房屋租賃管理辦法》, issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, effective February 1, 2011), within thirty days after the conclusion of a housing lease contract, the lessor and lessee shall go to the construction (real estate) competent department of the people’s government at the level of municipality directly under the Central Government, city or county where the leased house is located to register the lease for the record. Failure to complete the relevant lease registration procedures and failure to rectify within the specified period may result in a fine ranging from RMB1,000 to RMB10,000 imposed on the parties to the lease agreement.

According to the Civil Code, the failure of the parties to complete the registration and filing procedures for a lease contract in accordance with laws and administrative regulations shall not affect the validity of the contract.

Laws and Regulations Concerning Environmental Protection

Key Chinese laws and regulations related to environmental protection include: the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》, the “**Environmental Protection Law**”, amended April 24, 2014, effective January 1, 2015), the Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》, amended June 27, 2017, effective January 1, 2018), the Air Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國大氣污染防治法》, amended October 26, 2018, effective the same day), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》, amended April 29, 2020, effective September 1, 2020), the Administrative Measures for Pollutant Discharge Permits (《排污許可管理辦法》, issued April 1, 2024, effective July 1, 2024), and the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》, issued December 24, 2021, effective June 5, 2022).

According to the Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》, amended December 29, 2018, effective the same day), construction entities shall prepare an environmental impact statement, an environmental impact form, or fill out an environmental impact registration form based on the degree of environmental impact caused by the construction project: (i) If it is likely to cause significant environmental impacts, an environmental impact statement shall be prepared for a comprehensive assessment of the potential environmental impacts; (ii) If it is likely to cause minor environmental impacts, an environmental impact form shall be

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prepared for an analysis or specialized assessment of the potential environmental impacts; and (iii) If the environmental impact is minimal and no environmental impact assessment is required, an environmental impact registration form shall be filled out.

According to the Interim Measures for Completion Acceptance of Environmental Protection for Construction Projects (《建設項目竣工環境保護驗收暫行辦法》, issued November 20, 2017, effective the same day) and the Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》, amended July 16, 2017, effective October 1, 2017), after the completion of a construction project that requires an environmental impact statement or form, the construction entity shall, according to the standards and procedures stipulated by the competent environmental protection administrative department, carry out the completion acceptance inspection for environmental protection and prepare an acceptance report. Construction projects requiring an environmental impact statement or form may only be put into production or use after passing the environmental protection completion acceptance inspection.

According to the Fixed Pollution Source Pollutant Discharge Permit Classification Management Catalogue (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》, issued by the Ministry of Ecology and Environment of the People’s Republic of China on December 20, 2019, effective the same day), based on factors such as the amount of pollutants generated and discharged by pollutant discharging entities and their impact on the environment, the State implements key management, simplified management, and registration management for pollutant discharge permits. Entities subject to registration management do not need to apply for a pollutant discharge permit.

Laws and Regulations Concerning Intellectual Property Rights

Patents

Patents in China are primarily protected by the Patent Law of the People’s Republic of China (《中華人民共和國專利法》, amended October 17, 2020, effective June 1, 2021), and the Implementing Regulations of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》, issued by the State Council on June 15, 2001; amended December 11, 2023, effective January 20, 2024). According to the Patent Law of the People’s Republic of China and its Implementing Regulations, the duration of patent rights for inventions is 20 years, for utility models is 10 years, and for designs is 15 years, all calculated from the date of filing, except where annual patent fees are not paid as prescribed or the patentee declares in writing to abandon the patent right.

Trademarks

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》, amended by the NPCSC on April 23, 2019, effective November 1, 2019) and the Implementing Regulations of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》, amended by the State Council on April 29, 2014, effective May 1, 2014), registered trademarks are those approved for registration by the Trademark Office of the National Intellectual Property Administration, including goods trademarks, service trademarks, collective trademarks, and certification trademarks; trademark registrants enjoy the exclusive right to use registered trademarks, protected by law. The Trademark Law and its Implementing Regulations stipulate that trademark registration applications shall be filed according to the published Classification of Goods and Services. The description of goods or services shall be filled out according to the class numbers and descriptions in the Classification of Goods and Services. If the goods or services are not listed in the Classification, a description of the goods or services shall be appended. The term of validity of a registered trademark is ten years, calculated from the date of approval of registration, except where the Trademark Office revokes the registered trademark. If the registered trademark needs to be continued after the expiration of the validity period, the trademark registrant shall go through renewal procedures as prescribed. The

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term of validity for each renewal of registration is ten years, calculated from the day following the expiration date of the previous term. If renewal procedures are not completed upon expiration, the registered trademark shall be cancelled.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》, amended by the NPCSC on November 11, 2020, effective June 1, 2021) and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and any other rights entitled to the copyright owners.

According to the Regulations on Computer Software Protection (amended by the State Council on January 30, 2013, effective March 1, 2013) and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》, issued by the National Copyright Administration of the PRC on February 20, 2002, effective the same day), Chinese citizens, legal entities or other organizations enjoy copyright in the software which they have developed, including the right of divulgation, the right of developership, the right of alteration, the right of reproduction, the right of distribution, the right of rental, the right of communication through information network, the right of translation and other rights which shall be enjoyed by software copyright owners, regardless of whether such software has been published. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on December 31 of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

Exclusive Right of Layout-Design of Integrated Circuits

According to the Regulations on the Protection of Layout-Design of Integrated Circuits (《集成電路佈圖設計保護條例》, promulgated by the State Council on April 2, 2001, effective October 1, 2001), natural persons, legal persons, or other organizations that create layout-designs in China shall enjoy the exclusive right of the layout-designs they create. Such exclusive rights may also be enjoyed by foreign natural persons whose layout-designs are first commercially exploited within the territory of China. The term of protection for the exclusive right of a layout-design shall be 10 years, calculated from the date of filing the application for registration of the layout-design or from the date of its first commercial exploitation anywhere in the world, whichever expires earlier. However, regardless of whether the layout-design has been registered or commercially exploited, it shall no longer be protected under these Regulations 15 years after the date of the completion of its creation.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》, issued by the MIIT on August 24, 2017, effective November 1, 2017), adopts the “first to file” rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

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Laws and Regulations Concerning Employment, Social Insurance, and Housing Provident Fund

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》, the “**Labor Law**”, amended by the NPCSC on December 29, 2018, effective the same day), the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》, the “**Labor Contract Law**”, amended December 28, 2012, effective July 1, 2013), and the Implementing Regulations of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》, issued by the State Council on September 18, 2008, effective the same day), employers must conclude written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish labor safety and health systems, strictly implement national standards, and provide relevant education to employees. Violations of the Labor Contract Law and the Labor Law may lead to fines, and in serious cases, other administrative penalties and criminal liability where a crime is constituted.

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》, amended by the NPCSC on December 29, 2018, effective the same day) and the Interim Regulations on the Collection of Social Insurance Premiums (《社會保險費徵繳暫行條例》, amended by the State Council on March 24, 2019, effective the same day), employers must contribute to social insurance programs for their employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency shall order it to pay or make up the deficiency within a specified time limit, and impose a late payment fee of 0.05% per day calculated from the date of default; if the employer still fails to pay after the time limit, the relevant administrative department shall impose a fine of not less than one time nor more than three times the amount in default.

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》, amended by the State Council on March 24, 2019, effective the same day), employers must contribute housing provident funds for their employees. If an employer defaults on contributions or makes insufficient contributions, the housing provident fund management center shall order it to make up the contributions within a specified time limit; if it still fails to contribute after the time limit, the center may apply to the people’s court for enforcement. Each employee may only have one housing provident fund account. The contribution ratios for both employees and employers shall not be less than 5% of the employee’s average monthly wage of the previous year; cities that are in a position to do so may appropriately increase the contribution ratio.

The Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labour 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)》) was issued on July 31, 2025 and became effective on September 1, 2025. The Interpretation addresses widespread practices such as subcontracting, labor dispatch, affiliated employment arrangements, commingled employment relationships, and non-payment of social insurance contributions. It seeks to regulate unlawful conduct whereby contractors, host entities in affiliated arrangements, and related companies evade liabilities by shifting responsibilities amongst themselves or onto entities lacking genuine repayment capacity. The Interpretation also aims to safeguard the fundamental rights and interests of workers, including their entitlements to remuneration, occupational safety and health protections, and social insurance benefits.

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Laws and Regulations Concerning Taxation

EIT

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), the “**EIT Law**”, amended by the NPCSC on December 29, 2018, effective the same day) and the Implementing Regulations of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), amended by the State Council on December 6, 2024, effective January 20, 2025), enterprises are categorized as resident enterprises and non-resident enterprises. An enterprise established in China under Chinese law, or an enterprise established under the law of a foreign country (region) but whose “effective management institution” is located within China is deemed a “resident enterprise” and shall pay EIT at a rate of 25% on its worldwide income.

High and new technology enterprises that are in need of key State support shall be subject to a reduced EIT rate of 15%. According to the Notice on Promulgation of Several Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era (《關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》, issued by the State Council on July 27, 2020, effective the same day), nationally encouraged key integrated circuit design enterprises and software enterprises are exempt from corporate income tax for the first to fifth years starting from the first profit-making year, and are subject to corporate income tax at a reduced rate of 10% in subsequent years.

According to the Announcement on Increasing the Proportion of Additional Tax-deductible R&D Costs of Integrated Circuit and Industrial Machine Tool Enterprises (《關於提高集成電路和工業母機企業研發費用加計扣除比例的公告》, jointly issued by the MOF, the SAT, the NDRC and the MIIT on September 12, 2023, effective the same day), for the R&D expenses actually incurred by an integrated circuit enterprise when it conducts any R&D activity, where such expenses have not been capitalized into intangible assets and are accounted for as current profit and loss, in addition to the deduction thereof as per the actual amount incurred, an additional 120% of such expenses shall be deductible before tax during the period from January 1, 2023 to December 31, 2027; where such expenses have been capitalized into intangible assets, the amortization thereof before tax shall be calculated at 220% of the costs of such intangible assets during the aforementioned period.

VAT

According to the Provisional Regulations of the People’s Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》, amended by the State Council on November 19, 2017, effective the same day) and the Detailed Rules for the Implementation of the Provisional Regulations of the People’s Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》, amended by the Ministry of Finance on October 28, 2011, effective November 1, 2011), entities and individuals that sell goods or engage in processing, repair and replacement services, sell services, intangible assets, immovable property, or import goods within the territory of the People’s Republic of China are VAT taxpayers. Unless otherwise stipulated, the tax rate for taxpayers selling goods, labor services, leasing services for tangible movable property, or importing goods is 17%.

According to the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》, issued by the NPCSC on December 25, 2024, effective January 1, 2026) (after which the Provisional Regulations of the People’s Republic of China on Value-Added Tax will be abolished), entities and individuals (including individual businesses) that sell goods, services, intangible assets, immovable property, or import goods within the territory of the People’s Republic of China are VAT taxpayers and shall pay VAT in accordance with this Law.

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According to the Circular on Adjusting the Value-Added Tax Rates (《關於調整增值稅稅率的通知》, issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018, effective May 1, 2018), for VAT taxable sales activities by taxpayers originally subject to the 17% rate, the rate was adjusted to 16%. According to the Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》, issued by the Ministry of Finance, the State Taxation Administration, and the GACC on March 20, 2019, effective April 1, 2019), for general VAT taxpayers engaging in VAT taxable sales activities or importing goods originally subject to the 16% rate, the rate was adjusted to 13%.

According to the Notice on the Additional Value-Added Tax Credit Policy for Integrated Circuit Enterprises (《關於集成電路企業增值稅加計抵減政策的通知》, issued by the MOF and the SAT on April 20, 2023, effective January 1, 2023), integrated circuit enterprises engaged in design, production, packaging and testing, equipment manufacturing, and materials production are allowed, for the period from January 1, 2023 to December 31, 2027, to credit an additional 15% of the amount of input VAT creditable in the current period against the amount of VAT payable.

Laws and Regulations Concerning Dividend Distribution

According to the Company Law, when distributing the after-tax profit of the current year, a company shall allocate 10% of the profit to the company’s statutory reserve fund. The company may cease allocation when the cumulative amount of the company’s statutory reserve fund reaches 50% or more of the company’s registered capital. If the company’s statutory reserve fund is insufficient to make up the losses of the previous year, the company shall use the current year’s profit to make up the losses before allocating to the statutory reserve fund as stipulated in the preceding paragraph. After the company makes up the losses and allocates to the reserve fund, the remaining after-tax profit shall be distributed by a joint stock limited company proportionally to the shares held by the shareholders, unless otherwise stipulated in the company’s articles of association.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and related protocols (signed August 21, 2006, effective December 8, 2006), if a Hong Kong enterprise directly holds not less than 25% of the equity of a Chinese company, the dividends distributed shall be taxed at a rate of 5%; otherwise, the dividend shall be subject to 10% income tax.

According to the Administrative Measures for Non-Resident Taxpayers Enjoying Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》, issued by the State Taxation Administration on October 14, 2019, effective January 1, 2020), non-resident taxpayers enjoying treaty benefits shall adopt the method of “self-assessment, declaration for enjoyment, and retention of relevant materials for future inspection”. Non-resident taxpayers who determine on their own that they meet the conditions for enjoying treaty benefits may enjoy the treaty benefits during tax filing, or through the withholding agent during withholding filing, while collecting and retaining relevant materials for future inspection in accordance with these Measures and accepting subsequent administration by the tax authorities.

Laws and Regulations Concerning Foreign Exchange

According to the Regulations of the People’s Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》, revised by the State Council on August 5, 2008, effective the same day), the foreign exchange receipts and payments or foreign exchange business activities of domestic institutions and domestic individuals, as well as the foreign exchange receipts and payments or foreign exchange business activities of overseas institutions and overseas individuals within the territory of China, are subject to these regulations.

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According to the Notice on Reforming and Regulating the Policies on the Settlement of Capital Account Foreign Exchange Income (《關於改革和規範資本項目結匯管理政策的通知》, issued by the SAFE on June 9, 2016, effective the same day), it has been clearly stipulated that the capital account foreign exchange income subject to the voluntary settlement policy (including foreign capital, foreign debt funds and repatriated funds from overseas listings, etc.) can be settled at banks based on the actual business needs of domestic institutions. Where the current regulations impose restrictions on the settlement of capital account foreign exchange income of domestic institutions, such regulations shall prevail. The voluntary settlement ratio of capital account foreign exchange income of domestic institutions is temporarily set at 100%. The SAFE may adjust the above ratio in a timely manner in light of the international payments situation.

According to the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》, issued by the SAFE on October 23, 2019, effective the same day), and the Notice on Further Deepening Reform to Promote the Facilitation of Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》, issued on December 4, 2023, effective the same day), non-investment-oriented foreign-invested enterprises are allowed to settle foreign exchange funds in RMB and use RMB capital for domestic equity investment, provided that they do not violate the current Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) and the domestic investment projects are genuine and compliant.

According to the Notice on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Businesses (《關於優化外匯管理支持涉外業務發展的通知》, issued by the SAFE on April 10, 2020, effective the same day), under the premise of ensuring the authenticity and compliance of fund usage and in line with the current regulations on the use of capital project income, qualified enterprises are allowed to use capital funds, foreign debts, and income from overseas listings and other capital project income for domestic payments without having to provide authenticity proof materials to the bank on a case-by-case basis in advance. Relevant banks must conduct post-event spot checks in accordance with relevant regulations.

The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》, issued by the SAFE on November 19, 2012, effective December 17, 2012) has greatly simplified the previous foreign exchange approval procedures, and cancelled the approval for opening and crediting foreign exchange accounts under direct investment. Banks will handle the account opening procedures for the account opening entities based on the registration information in the relevant business systems of the foreign exchange administration.

The Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, revised by the SAFE on February 13, 2015, effective June 1, 2015) has abolished the administrative approval item of foreign exchange registration for overseas direct investment. Instead, banks directly review and handle the foreign exchange registration for overseas direct investment. The SAFE and its branches implement indirect supervision over the foreign exchange registration for direct investment through banks.

Laws and Regulations Concerning Overseas Listings

According to the Securities Law of the People’s Republic of China (《中華人民共和國證券法》, the “**PRC Securities Law**”, revised by the NPCSC on December 28, 2019, effective March 1, 2020), it comprehensively regulates activities in the securities market within the territory of China, including the issuance and trading of securities, the acquisition of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities registration and settlement institutions, securities service institutions, the securities industry association and securities regulatory

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authorities, etc. The PRC Securities Law further stipulates that domestic enterprises directly or indirectly issue securities abroad or list and trade their securities abroad shall comply with the relevant regulations of the State Council. For domestic companies whose stocks are subscribed and traded in foreign currencies, specific measures shall be separately prescribed by the State Council.

According to the Trial Measures for the Administration of the Issuance and Listing of Securities by Domestic Enterprises Abroad (《境內企業境外發行證券和上市管理試行辦法》, the “**Trial Measures for Overseas Listing**”, issued by the China Securities Regulatory Commission (the “**CSRC**”) on February 17, 2023, effective March 31, 2023), domestic enterprises in China that directly or indirectly issue stocks or list abroad shall file with the CSRC within three working days after submitting the application documents for issuance and listing abroad. In addition, domestic enterprises are prohibited from offering and listing securities overseas under any of the following circumstances: (i) where the issuance and listing abroad are prohibited by Chinese laws; (ii) where the issuance and listing abroad may endanger national security as determined by the relevant competent departments of the State Council of China in accordance with the law; (iii) where the domestic enterprise or its controlling shareholder or actual controller has been convicted of a crime in the past three years; (iv) where the domestic enterprise is under investigation for suspected crimes or major violations of laws and regulations and no clear conclusion has been reached; or (v) where there are major disputes over the ownership of the shares held by the controlling shareholder or the shareholder controlled by the controlling shareholder or actual controller.

According to the Regulations on Strengthening the Confidentiality and Archival Management of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》, the “**Archival Regulations**”, issued by the CSRC, the Ministry of Finance, the State Secrecy Bureau and the National Archives Administration on February 24, 2023, effective March 31, 2023), domestic enterprises and the securities companies and securities service institutions providing corresponding services in the activities of direct or indirect overseas securities issuance or listing by domestic enterprises shall strictly abide by the relevant requirements for confidentiality and archival management, establish and improve confidentiality and archival management systems, take necessary measures to fulfill the responsibilities for confidentiality and archival management, and shall not disclose state secrets or work secrets of state organs, nor shall they harm the interests of the State and the public.

Domestic enterprises that provide or publicly disclose documents and materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, or individuals, or provide or publicly disclose such documents and materials through their overseas listed entities, etc., shall report to the competent authorities with approval authority for approval in accordance with the law and file with the administrative department for confidentiality at the same level. Domestic enterprises that provide or publicly disclose other documents and materials that would cause adverse effects on national security or public interests if leaked to relevant securities companies, securities service institutions, overseas regulatory authorities, or individuals, or provide or publicly disclose such documents and materials through their overseas listed entities, etc., shall strictly follow the corresponding procedures in accordance with relevant state regulations.

LAWS, REGULATIONS AND POLICIES IN SINGAPORE

Foreign Investments, Repatriation of Profits and Dividends

Foreign investments in Singapore are governed primarily by industry-specific laws and regulations. To this end, save for certain specified regulated sectors such as media, banking and finance, there are generally no legal restrictions under Singapore law on the nationality of shareholders or on the percentage of local or foreign shareholding in a Singapore-incorporated company. Further, aside from

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certain prescribed notification obligations under the Companies Act 1967 of Singapore (the “**Companies Act**”), there are also no legal restrictions with respect to the nationality of the ultimate beneficial owners of a Singapore incorporated company under Singapore law.

With respect to foreign exchange controls in Singapore, although the Exchange Control Act 1953 of Singapore (the “**Exchange Control Act**”) imposes certain exchange control restrictions, the Monetary Authority of Singapore has, since 1978, exempted all persons from the provisions of the Exchange Control Act. Consequently, there are currently no foreign exchange control restrictions in Singapore. Nevertheless, it should be noted that with effect from 1 January 2024, gains from the sale or disposal of moveable or immovable property situated outside Singapore on or after 1 January 2024 that are received by an entity of a relevant group in Singapore from outside Singapore, will be treated as income chargeable to tax under section 10(1)(g) of the Income Tax Act 1947 of Singapore.

In terms of the issuance of dividends, pursuant to section 403(1) of the Companies Act, no dividend shall be payable except out of the profits available for distribution. This may further be subject to any requirements or restrictions provided for under a company’s constitution or shareholders’ agreement (if any). In view that Singapore has adopted a one-tier corporate tax system pursuant to which tax paid by a Singapore resident company on its corporate profits is a final tax, dividends payable by a Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders. Further, there is generally no withholding tax on such dividend payments to both resident and non-resident shareholders.

Labor and Employment

Employment Act 1968

The Employment Act 1968 of Singapore (the “**EA**”) is administered by the Ministry of Manpower (the “**MOM**”) and sets out the fundamental rights and obligations of employers and employees in Singapore. In addition to the subsidiary regulations, the EA operates alongside other key employment-related statutes such as the Employment of Foreign Manpower Act 1990 of Singapore (in relation to foreign employees), the Workplace Fairness Act 2025 and the Workman Compensation Act 2019 of Singapore, amongst others. As a general rule, pursuant to section 2 of the EA, an “employee” covered under the EA is an employee who “*has entered into or works under a contract of service with an employer*” and includes workmen (as defined under Part IV section 35 of the EA). It should be noted, however, that not all provisions on the EA are applicable to all employees or employers who fall within the ambit of an “employee”. To this end, Part IV of the EA, which governs specific rest days, hours of work, overtime, holidays and other conditions of service, applies only to the following categories of employees:

- (a) workmen who are in receipt of a salary not exceeding S\$4,500 a month; and
- (b) every employee (other than a workman or a person employed in a managerial or an executive position) who receives a salary not exceeding S\$2,600 a month,

in each case, excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described. Notwithstanding the foregoing, the EA prescribes the minimum statutory entitlements of all employees relating to annual leave, paid public holidays and paid sick leave, as well as statutory protections against wrongful dismissal. In particular, the leave entitlements as prescribed under Part 10 of the EA are mandatory for any employee that falls within the ambit of the EA and cannot be contracted out of. To this end, pursuant to section 90 of the EA, wherein the terms of a contract of service contravenes the provisions of Part 10 of the EA or where

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an employer fails to pay the salary due in accordance with the provisions of Part 10 of the EA, such employer commits an offence under the EA and shall be liable on first conviction to a fine not exceeding S\$5,000.

Central Provident Fund

The central provident fund (the “**CPF**”), regulated under the Central Provident Fund Act 1953 of Singapore (the “**CPF Act**”), is a mandatory social security savings scheme funded by contributions from employers and employees (Singapore Citizens and Permanent Residents only) and is considered a key pillar in Singapore’s social security system to meet the retirement, housing and healthcare needs of Singapore Citizens and Permanent Residents. CPF contribution rates are dependent on the age of the employee and can range from 12.5% to 37% of one’s monthly wages (as prescribed under the First Schedule of the CPF Act). Specifically, section 9 of the CPF Act provides that where an employer fails to make the requisite contributions for any calendar month by the prescribed date, the employer shall be liable to pay interest on the outstanding amount for every day the amount remains unpaid at a rate of 1.5% per month or the sum of S\$5, whichever results in the higher total interest payable.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

We are a recognized fabless high-speed mixed-signal chip design company, dedicated to upgrading the data transmission and video processing infrastructure for smart terminals and devices, as well as AI applications.

Our history can be traced back to November 2006, when our predecessor, Lontium Semiconductor Technology (Hefei) Co., Ltd. (龍迅半導體科技(合肥)有限公司), was established in the PRC. In September 2015, we were converted from a limited liability company into a joint stock limited company and renamed as Lontium Semiconductor Corporation (龍迅半導體(合肥)股份有限公司). In February 2023, our A Shares were listed on the Shanghai Stock Exchange under the stock code 688486. As at the Latest Practicable Date, our Controlling Shareholders controlled 44.24% of our total issued share capital.

MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2006	Our predecessor, Lontium Semiconductor Technology (Hefei) Co., Ltd. (龍迅半導體科技(合肥)有限公司), was established.
2008	We launched our first HDMI1.3 product, marking the beginning of our innovation journey.
2009	Our Company was accredited as a National Integrated Circuit Design Enterprise (國家級集成電路設計企業).
2011	Our Company was recognized as a National High-Tech Enterprise (國家級高新技術企業).
2015	Our Company was converted from a limited liability company into a joint stock limited company and renamed as Lontium Semiconductor Corporation (龍迅半導體(合肥)股份有限公司).
2020	We entered the smart vehicles sector.
2021	Our Company was recognized as a National “Little Giant” Enterprise of Specialized, Refined, Distinctive, and Innovative Technology (國家級專精特新“小巨人”企業).
2023	Our A Shares were listed on Shanghai Stock Exchange (stock code: 688486). We achieved meaningful progress in the AR/VR sector.
2025	We began expanding our presence in the AI & HPC market.

HISTORY AND CORPORATE STRUCTURE

OUR SUBSIDIARIES

The following table sets out the principal business activities, place of establishment and date of establishment of our subsidiaries:

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Shenzhen Lontium.	PRC	May 17, 2013	100%	Design and sales of integrated circuit
Advanced Chiplet	Singapore	December 22, 2023	100%	Research and development of electronic products

For further details of our Company’s subsidiaries, see “— Corporate Structure” in this section.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development and Conversion into a Joint Stock Company

Our Company was established on November 29, 2006, under the laws of the PRC as a limited liability company with an initial registered capital of USD5,500,000, which was to be contributed by Mr. Chen. In July 2008, the registered capital of our Company was adjusted to USD237,988, which was contributed by Mr. Chen.

In January 2013, our Company completed a merger by absorption with Hefei Lijie, a company established in June 2007 in the PRC and controlled by Mr. Chen, which was primarily engaged in integrated circuit research, design and sales, as well as related technical consulting services prior to the merger. Given the expected synergies between Hefei Lijie and our Company at the time, the merger was carried out to enhance operational efficiency through centralized management and streamline overall business operations. Upon the completion of such merger, the registered capital of our Company was increased to RMB14,866,415, which was held as follows:

Shareholder	Amount of registered capital (RMB)	Percentage of shareholding
Mr. Chen (by himself and through nominees) . Lontium Semiconductor Corporation Holding Limited (now known as Lonex Holding Limited) (“ Lonex ”)	9,954,555	66.96%
Hefei Saifu Heyuan Venture Capital Center (Limited Partnership) (合肥賽富合元創業投 資中心(有限合夥)) (“ Hefei Saifu ”)	1,308,242	8.80%
Anhui Hongtu Venture Capital Co., Ltd. (安徽紅土創業投資有限公司) (“ Anhui Hongtu ”)	1,274,256	8.57%
Anhui Xingwan Venture Capital Co., Ltd. (安 徽興皖創業投資有限公司) (now known as Anhui Xingwan Digital Intelligence Industry Investment Co., Ltd. (安徽興皖數智產業投資有限公司)) (“ Anhui Xingwan ”)	849,513	5.71%
	849,513	5.71%

HISTORY AND CORPORATE STRUCTURE

Shareholder	Amount of registered capital (RMB)	Percentage of shareholding
Hefei Haiheng Investment Holding Group Co., Ltd. (合肥海恒投資控股集團公司) (now known as Hefei Haiheng Holding Group Co., Ltd. (合肥海恒控股集團有限公司)) (“Hefei Haiheng”)	630,336	4.24%
Total	14,866,415	100.00%

In January 2015, the registered capital of our Company was increased to RMB15,583,244, as a result of capital increase subscribed by an employee shareholding platform, Xincaifu.

In September 2015, our Company was converted from a limited liability company to a joint stock company with limited liability, with Mr. Chen, Hefei Saifu, Xincaifu and other 12 then shareholders being our promoters and the registered capital of our Company being RMB15,583,244. Immediately after the conversion, our Company was held as follows:

Shareholder	Number of Shares	Percentage of shareholding
Mr. Chen (by himself and through nominees) .	9,073,577	58.23%
Hefei Saifu ⁽¹⁾	1,651,820	10.60%
Anhui Hongtu ⁽¹⁾	1,101,220	7.07%
Anhui Xingwan ⁽¹⁾	1,101,220	7.07%
Lonex ⁽¹⁾	743,320	4.77%
Xincaifu	716,829	4.60%
Hefei Haiheng ⁽¹⁾	630,336	4.05%
Mr. WANG Jinhong (汪瑾宏) ⁽²⁾	148,664	0.95%
Mr. WANG Congshui (王從水) ⁽²⁾	148,664	0.95%
Mr. ZUO Jianjun (左建軍) ⁽²⁾	148,664	0.95%
Mr. WANG Ping (王平) ⁽²⁾	118,930	0.76%
Total	15,583,244	100.00%

Notes:

- (1) Immediately after our conversion to a joint stock company, each of Hefei Saifu, Anhui Hongtu, Anhui Xingwan, Lonex and Hefei Haiheng was an institutional investor of our Company, each being an Independent Third Party.
- (2) Immediately after our conversion to a joint stock company, each of Wang Jinhong, Wang Congshui, Zuo Jianjun and Wang Ping was an individual investor of our Company, each being an Independent Third Party.

Between September 2015 and November 2021, our Company underwent several rounds of share transfers and capital increases. The considerations for the share transfers and capital increases were determined based on arm’s length negotiation among the respective investors and our Group or the then existing Shareholders. The registered capital of our Company was increased to RMB51,944,146 as of November 2021, and the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding
Mr. Chen	25,947,884	49.95%
Hefei Saifu ⁽¹⁾	5,285,824	10.18%
Anhui Hongtu ⁽¹⁾	3,523,904	6.78%

HISTORY AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding
Hefei Zhong'an Haichuang Venture Investment Partnership (Limited Partnership) (合肥中安海創創業投資合夥企業(有限合夥)) ⁽¹⁾	2,493,318	4.80%
Ms. Qiu	2,389,431	4.60%
Lonex ⁽¹⁾	2,378,624	4.58%
Xincaifu	2,293,853	4.42%
Huafu Ruixing Investment Management Co., Ltd. (華富瑞興投資管理有限公司) ⁽¹⁾	2,077,765	4.00%
Hefei Haiheng ⁽¹⁾	2,017,075	3.88%
Chuzhou Zhong'an Venture Capital Emerging Industry Fund Partnership (Limited Partnership) (滁州中安創投新興產業基金合夥企業(有限合夥)) ⁽¹⁾	1,030,586	1.98%
Mr. WANG Jinhong (汪瑾宏) ⁽²⁾	475,725	0.92%
Mr. WANG Congshui (王從水) ⁽²⁾	475,725	0.92%
Mr. ZUO Jianjun (左建軍) ⁽²⁾	475,725	0.92%
Mr. WANG Ping (王平) ⁽²⁾	380,576	0.73%
Mr. LIU Yongyue (劉永躍) ⁽³⁾	249,331	0.48%
Mr. XIA Hongfeng (夏洪鋒) ⁽⁴⁾	224,400	0.43%
Mr. SU Jin (蘇進) ⁽⁵⁾	224,400	0.43%
Total	51,944,146	100.00%

Notes:

- (1) At the time, each of Hefei Saifu, Anhui Hongtu, Hefei Zhong'an Haichuang Venture Investment Partnership (Limited Partnership), Lonex, Huafu Ruixing Investment Management Co., Ltd., Hefei Haiheng and Chuzhou Zhong'an Venture Capital Emerging Industry Fund Partnership (Limited Partnership) was an institutional investor of our Company, each being an Independent Third Party.
- (2) At the time, each of Wang Jinhong, Wang Congshui, Zuo Jianjun and Wang Ping was an individual investor of our Company, each being an Independent Third Party.
- (3) As of the Latest Practicable Date, Mr. LIU Yongyue is our deputy general manager. For details, please refer to “Directors and Senior Management”.
- (4) As of the Latest Practicable Date, Mr. XIA Hongfeng is an employee of our Group.
- (5) As of the Latest Practicable Date, Mr. SU Jin is our executive Director and deputy general manager. For details, please refer to “Directors and Senior Management”.

Listing on the Shanghai Stock Exchange and Subsequent Change of Share Capital

On February 21, 2023, our A Shares were listed on the Shanghai Stock Exchange under the stock code 688486. In connection with the A Shares listing (the “**A-Shares Listing**”), we issued an aggregate of 17,314,716 A Shares, accounting for approximately 25.00% of our enlarged share capital immediately following the completion of the A-Shares Listing. Immediately upon the completion of the A-Shares Listing, our registered capital was increased to RMB69,258,862, and Mr. Chen, Ms. Qiu and Xincaifu held approximately 37.47%, 3.45% and 3.31% of our Company's then share capital, respectively.

In March 2024, the registered capital of our Company was increased to RMB69,264,862, as a result of issuance of 6,000 A Shares under our Restrictive Shares Incentive Plan.

HISTORY AND CORPORATE STRUCTURE

In August 2024 and June 2025, the registered capital of our Company was further increased to RMB102,280,590 and RMB132,704,525, respectively, as a result of conversion of capital reserve into share capital. In September 2025, the registered capital of our Company was further increased to RMB133,327,968, upon the vesting of restricted Shares previously granted under the 2024 Restricted Shares Incentive Plan.

In March 2026, the registered capital of our Company was reduced to RMB133,327,682, upon completion of the repurchase and cancellation of the restricted Shares previously granted but not vested under the 2024 Restricted Shares Incentive Plan.

In May 2026, the registered capital of our Company was increased to RMB133,727,285, upon the vesting of restricted Shares previously granted under the 2024 Restricted Shares Incentive Plan.

In June 2026, the registered capital of our Company was further increased to RMB186,871,209, as a result of conversion of capital reserve into share capital. As of the Latest Practicable Date, the total share capital of our Company was RMB186,871,209, divided into 186,871,209 A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since February 2023, our A Shares have been listed on the STAR Market of the Shanghai Stock Exchange. Our Directors confirmed that, and our PRC Legal Adviser is of the view that, the Company had no instances of material non-compliance with the applicable rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date. To the best knowledge of our Directors having made all reasonable enquiries, there are no material matters in relation to our compliance record on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or potential [REDACTED] of the [REDACTED]. Based on the independent due diligence conducted by the Sole Sponsor with the assistance of the Sole Sponsor’s onshore and offshore counsel teams, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

We seek to [REDACTED] our H Shares on the Stock Exchange to deepen our international strategic deployment, strengthen financing and operational capabilities, continuously attract and retain top talent, and further enhance the company’s overall competitiveness. See “Business — Strategies” and “Future Plans and Use of [REDACTED]” in this document for more details.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange. The total number of the H Shares to be [REDACTED] pursuant to the [REDACTED] represents not less than [REDACTED]% of the total [REDACTED] share capital of our Company (before any exercise of the [REDACTED]). Immediately

HISTORY AND CORPORATE STRUCTURE

following the completion of the [REDACTED] (before any exercise of the [REDACTED]), the total market value of the H Shares expected to be held by the public represents not less than [REDACTED]% of the total [REDACTED] share capital of our Company (excluding treasury shares), thereby satisfying the prescribed percentage of H Shares required to be held in public hands of 10.0% under Rule 19A.13A(2)(a) of the Listing Rules.

FREE FLOAT

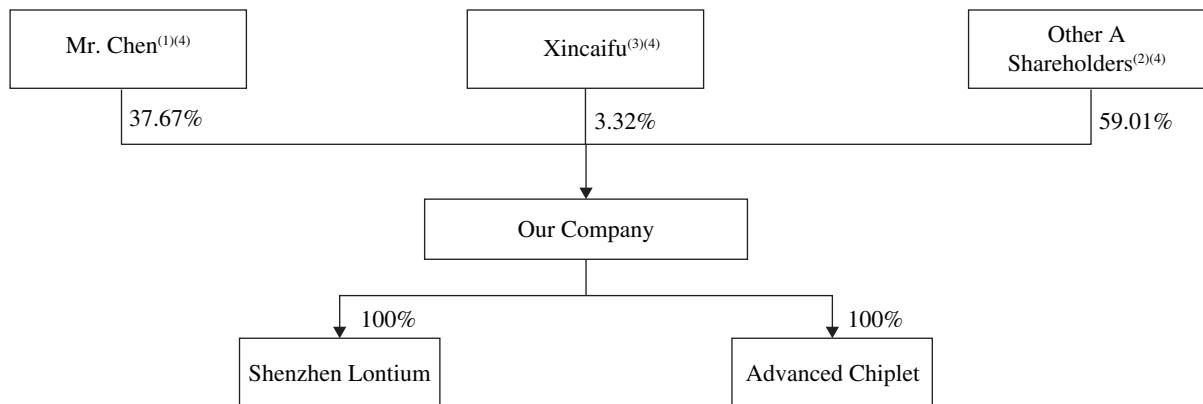
Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

[Each of the [REDACTED] has agreed to a lock-up period of six months following the [REDACTED]. As such, H Shares held by the [REDACTED] upon the [REDACTED] shall not be counted towards the free float of the H Shares of the Company at the time of [REDACTED].] Based on an maximum [REDACTED] of HK\$[REDACTED] per H Share, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [REDACTED], assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].



Notes:

- (1) On November 9, 2021, Mr. Chen and Ms. Qiu entered into a voting rights entrustment agreement, pursuant to which, the voting rights attached to the entire Shares held by Ms. Qiu, representing approximately 3.46% of the Company's total issued Shares (excluding Treasury Shares) as of the Latest Practicable Date, were irrevocably entrusted to Mr. Chen, and such voting rights entrustment arrangement will continue following the [REDACTED]. The voting rights entrustment agreement commenced from November 9, 2021 and shall continue in full force indefinitely. Neither party may unilaterally terminate, revoke, or modify the agreement without the prior written consent of the other party.
- (2) To the best knowledge of our Company, none of such A Shareholders held more than 5% interests in our Company as of the Latest Practicable Date.

HISTORY AND CORPORATE STRUCTURE

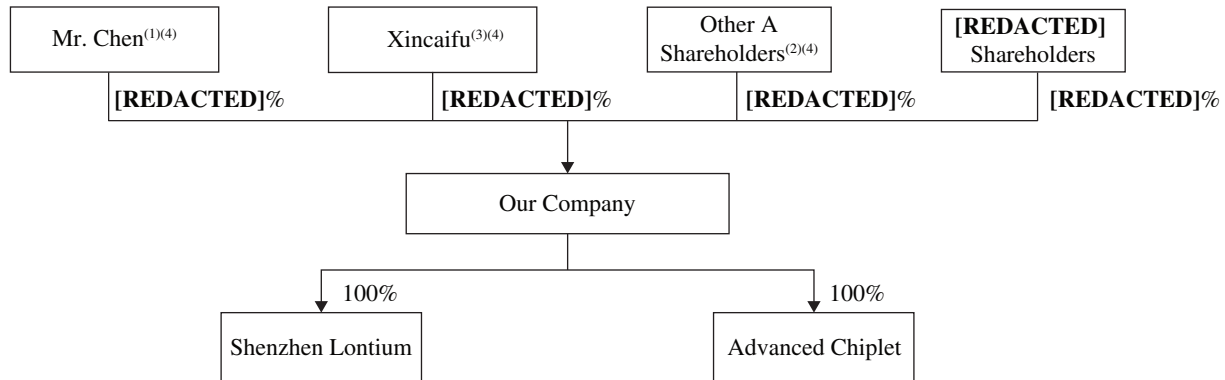
- (3) As of the Latest Practicable Date, Xincifu had 154 partners, all of whom are general partners, among which, (i) Mr. Chen, our executive Director, chairman of the Board and general manager, holding approximately 1.25% partnership interests therein; (ii) Mr. SU Jin (蘇進), our executive Director and deputy general manager, holding approximately 1.95% partnership interests therein; (iii) Ms. ZHAO Yu (趙彧), our secretary of the Board, holding approximately 1.63% partnership interests therein; (iv) Mr. WEI Yongxiang (韋永祥), our finance director, holding approximately 1.26% partnership interests therein; and (v) Ms. YANG Kaiyun (楊開雲), the supervisor of Shenzhen Lontium, holding approximately 1.63% partnership interests therein. As of the Latest Practicable Date, the remaining 149 general partners of Xincifu comprised 116 employees and 31 former employees of our Group, and two early external investors of Xincifu, which were all Independent Third Parties. None of the general partners holds a partnership interest of 3% or more in Xincifu.

As the sole executive partner of Xincifu, Mr. Chen is responsible for making key decisions and operation management of the partnership, including the exercise of all voting rights of the Shares held by Xincifu.

- (4) Excluding 867,474 A Shares held in our Company’s stock repurchase account as Treasury Shares, representing 0.46% of our total issued Shares as of the Latest Practicable Date.

Corporate Structure Immediately Following the Completion of the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately following the completion the [REDACTED], assuming the [REDACTED] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED].



Notes: For notes (1) and (4), see “— Corporate Structure — Corporate Structure Immediately Before the [REDACTED]” in this section above.

BUSINESS

OVERVIEW

Who We Are

We are a recognized fabless high-speed mixed-signal chip design company dedicated to upgrading data transmission and video processing infrastructure for smart terminals and devices, as well as AI applications. Our addressable market primarily comprises two segments: interconnect chips and smart video chips. Leveraging our three foundational technology pillars, including (i) high-bandwidth Serializer/Deserializer (“**SerDes**”), (ii) high-speed interface protocol processing and data encryption, and (iii) high-definition (“**HD**”) video and audio processing and display driver technologies, our products facilitate efficient data processing, transmission, and format conversion among computing, storage, and display units. These include intelligent vision terminals, smart vehicles, AR/VR devices and AI & high-performance computing (“**HPC**”). By integrating high-definition video processing and display capabilities with intelligent sensing and human-machine interaction technologies, our chips establish a solid technical foundation to support on-device AI-powered applications in the future. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

HD audio and video data serve as a vital bridge between the physical and digital worlds. From immersive AR/VR experiences and panoramic perception in autonomous driving to the creation of multimodal AI-generated content, the high-speed and stable transmission of such data among heterogeneous processing units, including computing, storage, and display components, is essential. This data flow relies on the three foundational technology pillars. Our nearly two decades of research and development (“**R&D**”) investment in these core technologies support continuous upgrades of our product offerings in the intelligent vision era.

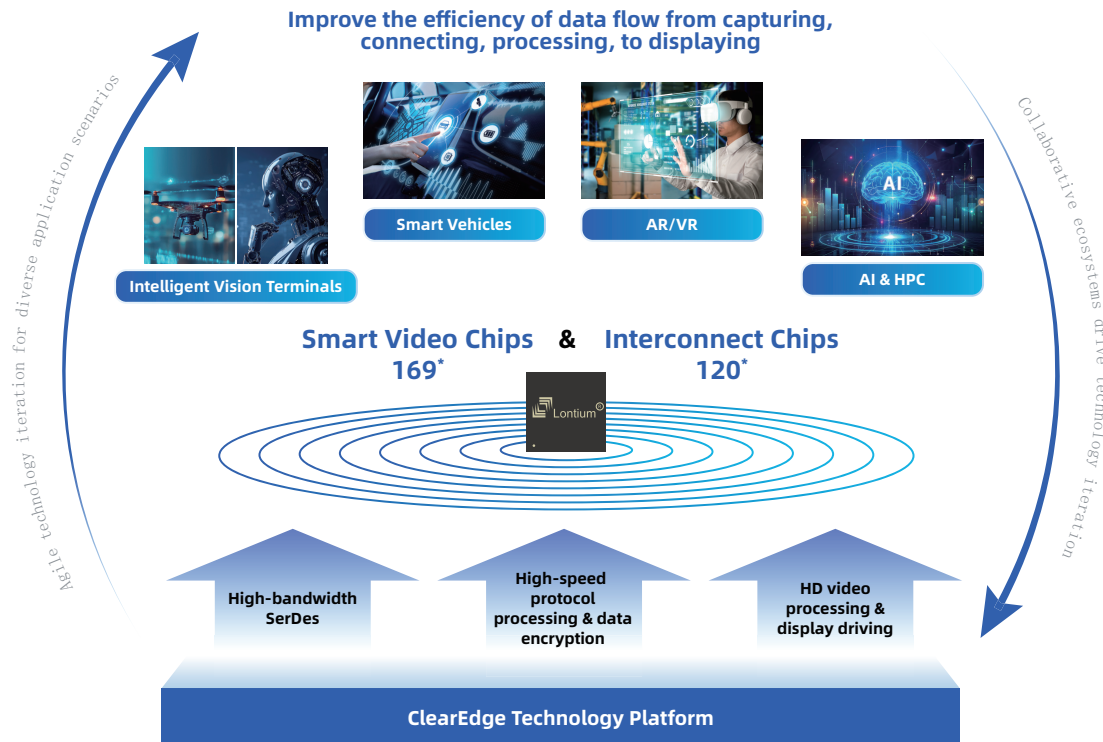
Leveraging our high-bandwidth SerDes technology for HD audio and video signal transmission and processing, we have expanded into broader domain of interconnect chips, including the development of critical interconnect components such as PCIe/CXL/USB retimers and switches. Moreover, our solutions resolve multimodal data transmission bottlenecks to address the growing demands of HPC and AI workloads. These include: scale-up architectures, such as intra-GPU cluster communication; scale-out architectures, such as those within data centers; and scale-across architectures, involving inter-data center connectivity, delivering ultra-low latency, ultra-high bandwidth and high reliability.

Our Products and Solutions

Anchored by our proprietary ClearEdge technology platform, we have developed a portfolio of chips, with chip-based end-to-end solutions encompassing capturing, connecting, processing, and displaying capabilities to serve key application scenarios, including: (i) intelligent vision terminals, (ii) smart vehicles, (iii) AR/VR, and (iv) AI & HPC.

BUSINESS

Our product offerings, comprising 169 smart video chips and 120 interconnect chips as of December 31, 2025, enable data flow across heterogeneous systems. We are committed to enhancing data processing and transmission efficiency and establishing the technological foundation for next-generation intelligent interaction. We cultivate a collaborative ecosystem where user application feedback and strategic partnerships, including reference design collaborations with global semiconductor leaders, fuel continuous technological iteration and solution enhancement. The following diagram illustrates our underlying technologies, product matrix and application scenarios:



Note: As of December 31, 2025

Intelligent Vision Terminals

Intelligent vision terminals represent a key application scenario for our chip solutions. Our smart video chips and interconnect chips enable the lossless transmission of light, color, and dynamic visual details from the physical world to display units. These chips are widely deployed in intelligent vision terminals such as drones, robotics, smart commercial displays, and smart video conferencing systems, serving as critical enablers for the development and adoption of intelligent vision technologies. Our chip portfolio supports a broad range of mainstream interface protocols, including HDMI, DP/eDP, USB-C, MIPI, LVDS, VGA, and others, enabling flexible deployment across diversified and miniaturized terminal designs.

In 2025, our revenue from products for this application accounted for 76.1% of our total revenue. From 2023 to 2025, our revenue from products for this application grew at a CAGR of 27.7%.

Smart Vehicles

We have extended our core technological capabilities, originally developed for intelligent vision terminals, into the field of smart vehicles. Our chip solutions for this application span both the cockpit domain and the driving domain.

BUSINESS

These chips enable multi-system, multi-screen interconnectivity by integrating and transmitting large volumes of sensor data, including data from cameras, LiDAR, and millimeter-wave radar, to domain controllers, and from controllers to display units with high speed and stability. As a result, our products are key enablers of data fusion, real-time perception, and intelligent interaction within smart vehicles. As of December 31, 2025, we have developed 19 automotive-grade chips that have passed AEC-Q100 certification. Our automotive-grade products and solutions have been adopted by a number of original equipment manufacturers (“OEMs”) and tier-1 suppliers serving leading European, U.S. and Chinese automotive brands.

In 2025, our revenue from products for this application accounted for 15.7% of our total revenue. Our revenue from products for this application grew at a CAGR of 59.6% from 2023 to 2025.

AR/VR

Our chips also position us as a key enabler in delivering the immersive user experience required by AR/VR devices, enabling the convergence of virtual and real environments. They support the efficient transmission of display signals, enabling high-resolution (up to binocular 8K) and high-refresh-rate (up to 120Hz), while maintaining ultra-low latency.

Through reference design collaborations with leading system-on-chip (“SoC”) vendors such as Qualcomm and display panel manufacturers such as Sony, we adapt our chips to ensure proven compatibility with their platforms. Serving as the critical high-speed interface bridge in the “SoC + Chip + Panel” ecosystem, our chips have been integrated into Sony’s AR display panel reference design, demonstrating our technical leadership in low-latency transmission. Our advanced chip solutions have been adopted by global AR/VR brands such as RayNeo, Rokid, XREAL, and a global market leader in consumer MR headsets based in the U.S..

In 2025, our revenue from products for this application accounted for 6.4% of our total revenue. From 2023 to 2025, our revenue from products for this application grew at a CAGR of 27.6%.

AI & HPC

We are expanding into the AI & HPC sectors and accelerating the commercialization of our product offerings for these applications. We have developed a PCIe to SATA controller to enhance data transmission efficiency between computing and storage units. Additionally, we have reached the tape-out stage for several high-value products, such as our HDMI2.1 to PCIe4.0 chip to capture and transmit high-resolution, high-refresh rate video signals losslessly. These chips enable advanced video capturing, rendering, processing, and recognition functions, addressing professional-grade signal conversion needs in AI vision and computing systems.

Furthermore, our PCIe/CXL/USB retimers and switches, including a CXL2.0-compatible PCIe5.0 retimer under development, are key enablers for AI & HPC infrastructures, supporting ultra-high-speed interconnects between GPUs and CPUs and addressing the signal integrity challenges and transmission bottlenecks arising from increasing computational demands.

BUSINESS

The following table sets forth our revenue generated during the Track Record Period in terms of the product application scenario, in absolute amounts and as percentages of our total revenue.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Intelligent vision terminals	265,069	82.0	353,449	75.8	432,357	76.1
Smart vehicles	34,954	10.8	84,033	18.0	89,059	15.7
AR/VR	22,366	6.9	22,715	4.9	36,387	6.4
AI & HPC	758	0.3	5,806	1.3	10,401	1.8
Total.	323,147	100.0	466,003	100.0	568,204	100.0

In terms of market size, the global semiconductor chip market has continued to expand, driven by rising demand for high-performance electronic systems in various applications. According to Frost & Sullivan, within the overall semiconductor chip industry, smart video chips and interconnect chips are two important segments that perform fundamental functions in modern electronic systems. Smart video chips are key semiconductor components in display devices, enabling the processing, conversion and transmission of video signals to support image presentation and enhance visual performance. Interconnect chips serve as the data-movement enabler of electronic systems, allowing high-speed and reliable data transmission among processors, memory, storage and other systems components. In terms of market size by revenue, the smart video chip and interconnect chip markets accounted for 2.2% and 3.2% of the overall semiconductor chip industry, respectively, in 2025. The market sizes of the smart video chips and interconnect chips are expected to reach RMB143.1 billion and RMB490.7 billion by 2030, respectively, representing a CAGR of 6.4% and 23.1%, respectively. Moreover, the video bridging chip market is the fastest growing sub-segment within the smart video chip market. In 2025, the video bridging chip market accounted for 10.4% of the smart video chip market and is expected to reach RMB22.1 billion of global market size by 2030, at a CAGR of 15.3%. With our strong brand influence, market leadership position, comprehensive product coverage and proven technological innovation capabilities, we believe we are well-positioned to capture the growth opportunities in our addressable markets and further strengthen our industry leadership.

Our Technology Capabilities and Industry Ecosystem

We have established a robust technology platform, ClearEdge, and an ecosystem moat, underpinned by extensive customer validation across a wide range of applications, through decades of R&D efforts. For details of ClearEdge, see “— Our Core Technologies.”

We follow a full-stack, in-house development strategy for core technologies to maintain tight control over innovation and product quality. Additionally, we continuously deepen our reference design collaborations with global semiconductor leaders such as NVIDIA, Qualcomm, and Intel, where our counterparties usually provide technical blueprints of a system with elements of the system to be enhanced or modified by design partners like us. These collaborations are project-based, non-exclusive, and do not involve joint development of intellectual properties or contractual arrangements between us and the relevant counterparties. According to Frost & Sullivan, such collaboration arrangements are in line with common market practice. We typically own the IP rights of the chips we provide or develop under these collaborations. Through these collaborations, our chips are selected and integrated into the counterparties’ official platform solutions, which facilitates adoption by end customers and strengthens our position within the broader, scalable technology ecosystem. All chip development is undertaken by us independently, and we retain full intellectual property rights over the chips we developed. For details of our reference design collaboration models, see “— Widespread Operations and Close Collaboration with Industry Ecosystem Leaders.”

BUSINESS

We also maintain regular technical dialogs with key stakeholders across the industry value chain, to accurately align our technology design and product development with evolving market needs. In addition, we collaborate closely with leading global integrated circuit (“IC”) foundries and assembly and testing service providers and have established dual-track supply chain systems covering both domestic and international sources to ensure stable and resilient product delivery.

Market Opportunities

The rapid advancement of AI technologies is driving an exponential increase in global data volume. As AI models continue to evolve and become more widely adopted, their application scenarios are expanding — from cloud-based infrastructures to on-device AI. This shift is generating unprecedented demand for ultra-low latency, ultra-high bandwidth, and high reliability interconnects across sensors, processors, and computing platforms. A wide range of high-speed transmission protocols are being rapidly developed and iterated to meet these requirements.

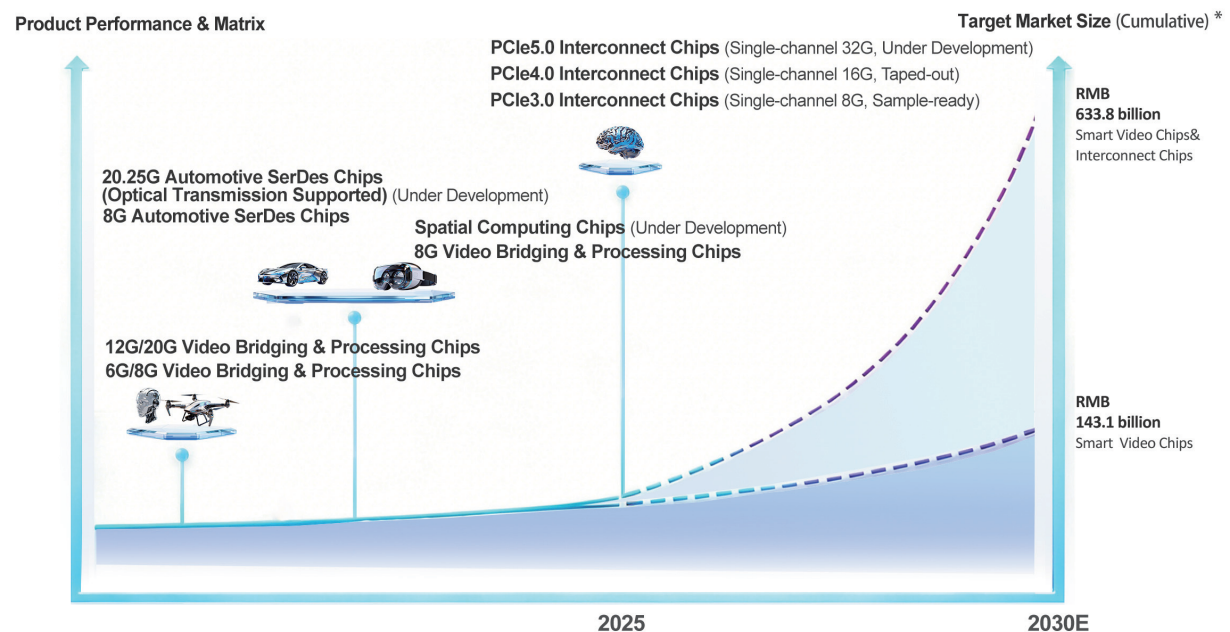
In the era of cloud-edge synergy, our smart video and interconnect chips are positioned to capture this demand by enabling on-device intelligent applications, supporting efficient AI infrastructure, and bridging the physical and digital worlds along two key dimensions:

- The broad deployment of AI infrastructure and the widespread adoption of on-device AI applications will increase the demand for our high-speed mixed-signal chips; and
- The rising technical requirements of AI systems — particularly in terms of transmission speed and power efficiency — will drive continuous upgrades of our products, enhancing their value and competitive differentiation across generations.

These trends provide us with strong and sustainable momentum for long-term business growth and market expansion. According to Frost & Sullivan:

- The market size of smart video chips is expected to grow from RMB111.8 billion in 2026 to RMB143.1 billion in 2030 at a CAGR of 6.4%.
- The market size of interconnect chips is expected to grow from RMB213.4 billion in 2026 to RMB490.7 billion in 2030 at a CAGR of 23.1%.

The chart below outlines the timeline of our expansion into various application scenarios and the market opportunities we are poised to capture.



Note: According to Frost & Sullivan

BUSINESS

- **Intelligent Vision Terminals:** AI is transforming intelligent vision terminals from “information presentation” or “passive execution” devices to intelligent nodes capable of environment sensing, multimodal interaction and autonomous decision-making. As critical infrastructure connecting the physical world and digital space, these terminals are driving increasing demand for high-quality audio-video data capturing and transmission, which our chips directly address. According to Frost & Sullivan, the market size of smart video chips for intelligent vision terminals is expected to grow from RMB74.7 billion in 2026 to RMB84.2 billion in 2030 at a CAGR of 3.0%.
- **Smart Vehicles:** Various sensors such as cameras, LiDAR and millimeter-wave radar, as well as domain controllers and displays need to complete the time synchronization, precise fusion and stable transmission of massive multimodal data with high stability and real-time performance. Such stringent real-time and reliability requirements directly drive demand for smart video chips and interconnect chips as key enablers. According to Frost & Sullivan, the market size of smart video chips for smart vehicles is expected to grow from RMB32.9 billion in 2026 to RMB46.4 billion in 2030 at a CAGR of 8.9%.
- **AR/VR:** To provide consumers with a superior immersive experience, AR/VR devices continue to improve in immersive display, spatial interaction and real-time rendering, which will directly drive the continuous evolution of smart video chips and interconnect chips. According to Frost & Sullivan, the market size of smart video chips for AR/VR is expected to grow from RMB4.2 billion in 2026 to RMB12.6 billion in 2030 at a CAGR of 31.8%.
- **AI & HPC:** To meet the stringent requirements of large-scale AI training and inferencing on data throughput and latency, the underlying hardware needs to support high-speed protocols such as PCIe5.0/6.0 and CXL2.0/3.0. As a result, demand for PCIe/CXL retimers and switches has grown significantly. According to Frost & Sullivan, the market size for AI interconnect chips is expected to grow from RMB202.3 billion in 2026 to RMB474.2 billion in 2030 at a CAGR of 23.7%.

STRENGTHS

Recognized High-Speed Mixed-Signal Chip Design Company

We have established a recognized position in the high-speed mixed-signal chip industry through nearly two decades of R&D efforts and product development. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, holding a market share of 4.1%, which represents a key segment of mixed-signal chips. Leveraging our strong R&D capabilities and forward-looking industry ecosystem, we serve customers across intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC applications, with capabilities comparable to those of major international players.

Since our inception, we have continuously enhanced our R&D capabilities and broadened the application scope of our products. In 2008, we introduced our first HDMI1.3 product, marking the beginning of our journey in high-speed interface technologies. In 2020, we entered the smart vehicles sector, forming partnerships with industry leaders, renowned European premium OEMs, and prominent Chinese new energy and traditional vehicle manufacturers. In 2023, we achieved meaningful progress in the AR/VR sector through collaborations with Sony and other ecosystem partners. In 2025, we began expanding our presence in the AI & HPC market, advancing the development of new PCIe and DP interface products, with single-lane data rates of up to 20Gbps.

As AI models continue to evolve and become more widely adopted, their application scenarios are expanding from cloud-based infrastructures to on-device AI. This shift is generating unprecedented demand for ultra-low latency, ultra-high bandwidth, and high reliability interconnects across sensors, processors, and AI computing platforms.

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Proprietary, In-House Developed Underlying Technology Platform

We have established a proprietary technology platform, ClearEdge, that underpins our technological leadership. ClearEdge integrates three core technology pillars: high-bandwidth SerDes, high-speed protocol processing and data encryption, and HD video processing and display driving. With design, data and know-how from over 100 chip development projects, this platform enables adaptation of circuit designs across different foundries and rapid reuse of design capabilities across many application scenarios. For details, see “— Our Core Technologies.”

High-bandwidth SerDes technology enables high-speed data transmission in advanced electronic systems. Our sustained R&D efforts in SerDes support both existing and next-generation products. For example, our independently developed SerDes technology typically supports: (i) HDMI2.1 with 12Gbps single-channel rates for 8K@60Hz UHD video; (ii) ADP with 8.1Gbps rates for smart vehicle systems; and (iii) DP2.1, reaching 20Gbps per channel for next-generation high-resolution, high-refresh rate displays in AR/VR applications. We are also developing SerDes technology supporting up to 32Gbps per channel for protocols like PCIe5.0. Our SerDes solutions are characterized by high speed, low latency, high reliability, and low BER, making them suitable for data-intensive AI training and inference systems.

Our capabilities in interface protocol processing and data encryption support mainstream transmission protocols, including: HDMI, DP/eDP, USB, MIPI, LVDS, VGA, PCIe, and SATA. Our solutions provide stable, high-efficiency signal processing that meet the diverse requirements of intelligent terminals and edge devices. In the PCIe domain, we have validated key chip solutions with tested leading performance such as PCIe to SATA and HDMI to PCIe, which are essential for high-throughput interconnects in AI inference and training environments. Furthermore, to ensure data security, we have integrated data encryption and decryption technology modules at both the transmission and reception ends of our chips, ensuring only authorized devices are allowed to decrypt and use the protected content and preventing unauthorized copying, interception, and use.

Our video processing and display driver technologies support the full flow from video input to output, supporting UHD formats up to 4K/8K with low latency and low power consumption. We have independently developed memory controller technologies for LPDDR4, DDR3, and PSRAM to ensure efficient, stable, and real-time video processing, including image enhancement, display control, multi-screen processing, and scene adaptation.

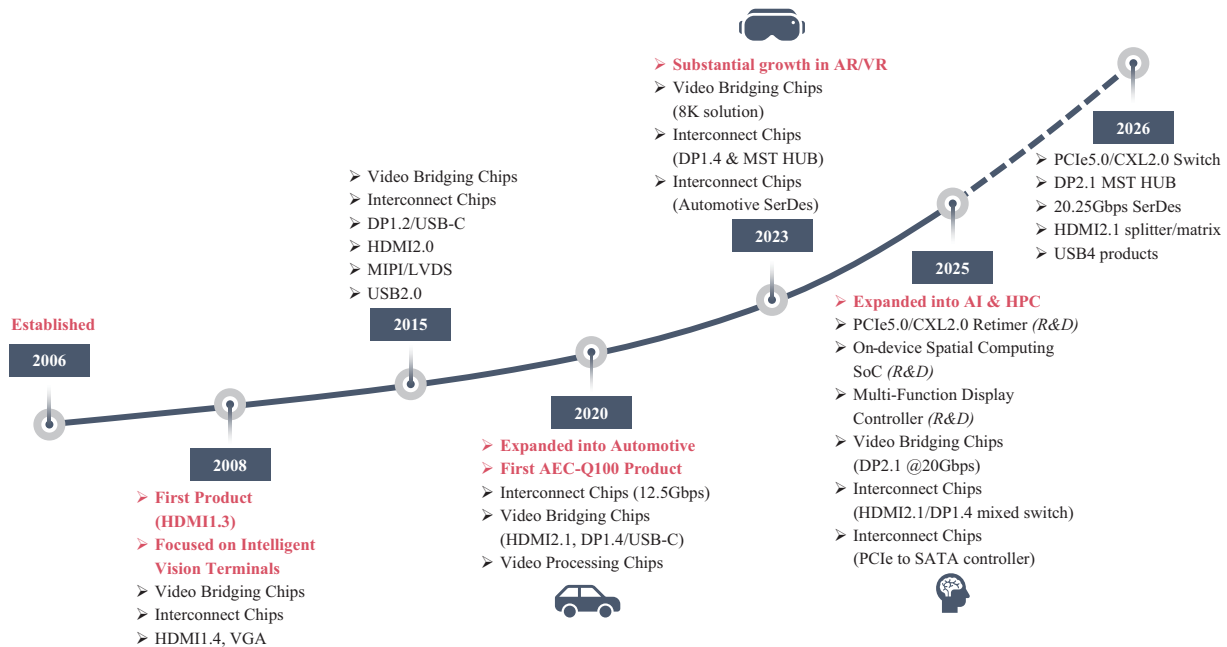
All of our mass-produced chips are based on self-developed IP. We have built a highly reusable IP library, enabling efficient scalability across products and applications and allowing expedited product development, swift response to customers’ requirement and minimized usage of third-party IP.

Product Portfolio Targeting High-growth Application Scenarios

We have built a product portfolio comprising over 200 chip models spanning from fundamental function chips to advanced system-level solutions and enabling us to meet the diverse technological and performance requirements of applications such as intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC.

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The diagram below illustrates our product evolution and key technological milestones:



Our chips are designed to address the increasing demand for HD, high-speed signal processing and multi-device interconnectivity across sensing and display endpoints. Our solutions support conversion between mainstream signal protocols and integrate functions such as data encryption and decryption, video processing, compression, color enhancement and display control. See “Our Products” and “Our Solutions and Applications.”

We are a recognized player in the intelligent vision terminal segment. In the automotive sector, as of December 31, 2025, we had completed AEC-Q100 certification for 19 chip models, and our products had been successfully integrated into the supply chains of major global automotive OEMs. Our in-vehicle SerDes chips, developed to support long-distance, UHD video transmission, are now being extended into new scenarios such as camera gimbals and drones. In the AR/VR field, our solutions have been adopted in several mass-produced models from leading global brands. Additionally, we have successfully developed a PCIe to SATA controller and are developing PCIe/CXL/USB retimers, targeting AI PCs and servers.

Widespread Operations and Close Collaboration with Industry Ecosystem Leaders

Our widespread operations are supported by our close collaboration with industry ecosystem leaders, where our technical capabilities and product performance have earned widespread recognition from leading customers and ecosystem partners both in China and globally.

We cooperate closely with leading global chip manufacturers, including NVIDIA, Qualcomm, and Intel. Through reference design partnerships, we have successfully integrated our chips into their official platform solutions. Our collaboration typically follows two models, adaptation and targeted innovation. Under the adaptation model, we provide our existing chips to complement the counterparty’s SoC, resolving critical connectivity gaps such as enabling a processor without built-in HDMI capability to output high-definition video. Under the targeted innovation model, we leverage our proprietary technology platform to develop new chips for the broader market by aligning technical specifications with the counterparty, such as creating a high-spec HDMI 2.1 to PCIe 4.0 bridge to address the connectivity needs of AI/HPC applications. Conforming with market practice, our reference

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design partnerships typically do not involve contractual arrangements between us and the relevant counterparties. In both models, we own the IP rights of the chips provided or developed by us and also commercialize the chips independently. These market-tested solutions help our customers significantly reduce their R&D cycles and improving integration efficiency. We also conduct co-research of industry trends and engage in joint debugging of emerging solutions with key market participants to ensure our products remain aligned with evolving customer needs.

High Value, Loyal Customer Base

Moreover, we have built a loyal customer ecosystem characterized by both scale and high engagement. Our strategic partnerships span leading brands and manufacturers in core application areas such as intelligent vision terminals, smart vehicles, and AR/VR systems.

The chart below illustrates our representative end customers in intelligent vision terminals, smart vehicles and AR/VR sectors:

Application Sectors	Representative End Customers ⁽¹⁾
Intelligent vision terminals	CVTE, Global networking leaders, renowned peripheral manufacturers, global PC giants, top-tier electronics contract manufacturers
Smart vehicles	Renowned European premium automakers, global tier-1 suppliers, leading Chinese automotive brands
AR/VR	RayNeo, Rokid, XREAL, Global market leader in consumer MR headsets based in the U.S.

Note: Listed in alphabetical order.

Efficient and Resilient Dual-Track Supply Systems

We maintain close partnerships with the world’s leading wafer foundries and assembly and testing service providers to ensure the delivery of high-quality products that meet the stringent requirements of our global customers. To further enhance supply chain security and flexibility, we have established dual-track supply systems to effectively address the diverse needs of customers across different regions. We also engage in technology exchanges and strategic collaboration with upstream partners, sharing industry insights and jointly promoting innovation in wafer fabrication, assembly and testing technologies, to respond quickly to market dynamics and customer demands.

Visionary and Experienced Management Team

Our management team is composed of visionary and experienced leaders with deep expertise in high-speed mixed-signal chip design. Our founder, Mr. FENG CHEN (陳峰), previously held technical leadership roles at Intel, where he specialized in high-speed CPU and I/O chip design. With his deep insights into global semiconductor trends and industry dynamics, Mr. Chen has shaped our R&D framework.

Inspired by Mr. Chen’s industry foresight, our management team has pursued a strategy of technology iteration and scenario expansion. We initially focused on HD video chips supporting HDMI, DP, and related protocols, establishing a position in the domestic market. We subsequently expanded into intelligent in-vehicle systems and AR/VR, and have more recently initiated R&D on PCIe/CXL, SATA, USB, on-device computation, and real-time interaction technologies for AI and HPC applications. This forward-looking, competency-driven strategy has enabled us to maintain an advantage across multiple industry cycles.

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STRATEGIES

Strengthening R&D Investment to Support Continued Core Technology and Product Development

Upgrading Our ClearEdge Platform and Expanding Proprietary IP

We continue to expand our self-developed IP resource base and optimize our ClearEdge platform, with a strong focus on enhancing its scalability across various applications.

Driving Innovation in Key Emerging Technologies

We are deepening our presence in three high-growth verticals:

- In the smart vehicle sector, we are advancing SerDes technology and have progressed from our first-generation, mass-produced ADP protocol to a second-generation ADP solution. This next-gen technology supports higher forward single-channel transmission rate and reverse rate, and is compatible with both electrical and optical transmission.
- In the AR/VR sector, we are focused on spatial computing technologies, building core competencies in video capturing and data fusion, high-performance video processing, and on-device edge computing. With high-speed interface conversion technologies, they support high-precision environmental perception and 3D reconstruction, enabling immersive and intelligent AR/VR experiences.
- In the AI & HPC sector, we continue to invest in the R&D of high-speed transmission protocols including PCIe/CXL, SATA, and USB, to meet the growing data throughput requirements of AI training, inference, and edge computing scenarios.

Advancing Semiconductor Process Technology

We are accelerating the development of relatively advanced process nodes through deepened collaboration with leading wafer foundries, aiming to continuously enhance integration density, reduce power consumption, improve performance, and lower overall production costs.

Targeting High-Value and High-Volume Application Scenarios to Continuously Enrich Our Product Matrix and Reach Higher Revenue Growth Rate

Leveraging our technological expertise, we will continue to enrich our product matrix, reach higher revenue growth rate and increase our market penetration by targeting emerging high-value intelligent scenarios such as smart vehicles, AR/VR and AI & HPC.

- **Smart Vehicle Sector:** We have established the Automotive Chip and System Solutions Business Unit and will continue to expand our automotive-grade chips and solutions in the areas of in-car entertainment systems, cockpit displays, HUD, ADAS video capture and transmission SerDes, multiplexed display transmission SerDes, automotive-grade panel drivers, audio transmission SerDes, and microphones and speakers.
- **AR/VR Sector:** We will continue to improve the performance, integration and power management of our products to meet the evolving needs of AR/VR devices for transmission with ultra-low latency, low power consumption and miniaturization; and simultaneously promote the R&D of on-device capturing and spatial computing chips to meet the extremely low computing latency requirements of “What You See Is What You Get” human-machine interaction.
- **AI & HPC Sector:** We will focus on on-device AI and high-performance transmission scenarios, and continue to promote the development and iteration of high-speed protocol chips such as PCIe/CXL, SATA, USB, etc.

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Expanding Market Presence and Establishing a Scalable Operational System

Internationalization is a core pillar of our development strategy, with global resource integration serving as a key enabler in building a comprehensive and scalable operational system. The key components of our strategy include:

- ***Overseas R&D Center Planning:*** We aim to strategically establish R&D centers in key international markets. This initiative will facilitate localized innovation, allowing us to adapt our products to meet diverse market demands and leverage regional expertise.
- ***Strengthening Partnerships with International Chip Makers:*** Building on our existing collaborations with major international chip manufacturers, we will continue to expand our ecosystem partnerships in the global market.
- ***Global Customer Service Network Optimization:*** We are committed to optimizing our global customer service network to ensure swift response. Through streamlined processes, we aim to enhance customer satisfaction and build long-term loyalty.
- ***Dual-track Supply System Development:*** We will continue to build a dual-track supply system that integrates both domestic and international foundries. This involves deepening strategic collaborations with leading global wafer manufacturers and assembly and testing companies, ensuring our supply chain is robust, flexible, and capable of meeting increased demand.

Strengthening Talent Development to Empower R&D and Growth

We aim to build an outstanding team with international vision and strong system engineering capabilities. As our business continues to expand, we are placing greater emphasis on the strategic value of talent. We will focus on the introduction of high-caliber talent, especially strengthening our R&D team and accurately reaching out to top talents through multiple channels by expanding our expert referral network and campus recruitment. We will also continue to promote the talent incentive program to stimulate the potential of our employees, build a highly efficient and energetic working environment, and cultivate R&D talent with scientific and technological creativity and team spirit, to build a solid talent moat for our long-term development.

Exploring Strategic Investment and M&A Opportunities

To enhance our technological advantages, we explore strategic investment and M&A opportunities focused on key sectors, including smart vehicle chips, display driver chips, and AI power chips. By rigorously screening high-quality targets that possess deep technological expertise and unique competitiveness, we aim to further expand our technology and product offerings.

OUR PRODUCTS

Our product portfolio covers 169 smart video chips and 120 interconnect chips as of December 31, 2025. We produce mixed-signal products that bridge the physical and digital worlds, delivering end-to-end solutions that encompass capturing, connecting, processing, and displaying capabilities to meet the increasing demand for ultra-low latency, ultra-high bandwidth, and high reliability data transmission, and intelligent interaction in the intelligent vision era.

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The following table sets forth our revenue generated during the Track Record Period in terms of the products we offered:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Smart video chips	269,543	83.4	381,387	81.8	473,109	83.3
Interconnect chips	52,154	16.1	73,287	15.7	93,331	16.4
Others ⁽¹⁾	1,450	0.5	11,329	2.5	1,764	0.3
Total.	323,147	100.0	466,003	100.0	568,204	100.0

Note:

- (1) “Others” primarily include revenue from technological services and ancillary components. Technological services include technology licensing and custom chip design services. Ancillary components include printed circuit boards, security keys and other auxiliary chips.

The following table sets forth our sales volume and average selling price (“ASP”) by major product category for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Volume '000 units	ASP RMB	Volume '000 units	ASP RMB	Volume '000 units	ASP RMB
Smart video chips	17,542	15.4	25,584	14.9	35,816	13.2
Interconnect chips	6,953	7.5	8,883	8.3	11,236	8.3
Others ⁽¹⁾	722	2.0	790	14.3	686	2.6
Total.	25,217	12.8	35,256	13.2	47,738	11.9

Note: “Others” primarily consists of technical services.

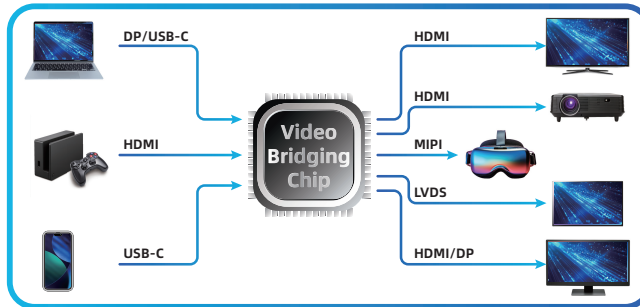
Our total sales volume increased from approximately 25.2 million units in 2023 to 47.7 million units in 2025, primarily driven by our expanded product portfolio with enhanced chip performance, together with optimized sales strategies that broadened our customer reach.

The ASP of smart video chips decreased from RMB15.4 per unit in 2023 to RMB13.2 per unit in 2025, primarily because a higher proportion of sales consisted of more mature product models with lower costs and selling prices. The sales volume of such cost-optimized chip models increased from approximately 110 thousand units in 2023 to approximately 6.9 million units in 2025. By optimizing chip architecture and reducing certain non-core circuit components while maintaining and enhancing chip performance, we increased the number of chips produced per wafer and improved wafer utilization. The resulting reduction in unit manufacturing costs allowed us to offer more competitive pricing to customers, leading to the decrease in the average selling price. The ASP of interconnect chips fluctuated between RMB7.5 and RMB8.3 per unit during the Track Record Period, primarily reflecting changes in product mix. The ASP of others fluctuated between RMB2.0 and RMB14.3 per unit during the Track Record Period, primarily reflecting the varying mix and complexity of technical services delivered in each period. The significant increase in the ASP of others in 2024 was primarily due to the recognition of revenue from technology licensing and custom chip design services, where such revenue was generated on a project basis and was not directly correlated with product sales. For a breakdown of gross profit and gross profit margin by major product category, see “Financial Information — Results of Operations — Gross Profit and Gross Profit Margin.”

BUSINESS

Smart Video Chips

Our smart video chips include video bridging chips and video processing chips, enabling intelligent systems to capture, connect, process, and display visual information with exceptional clarity. Functioning as versatile translators and image quality engines, our products address the incompatibility between visual information sources, such as cameras or SoCs, and display terminals, such as screens or monitors.



Video Bridging Chips

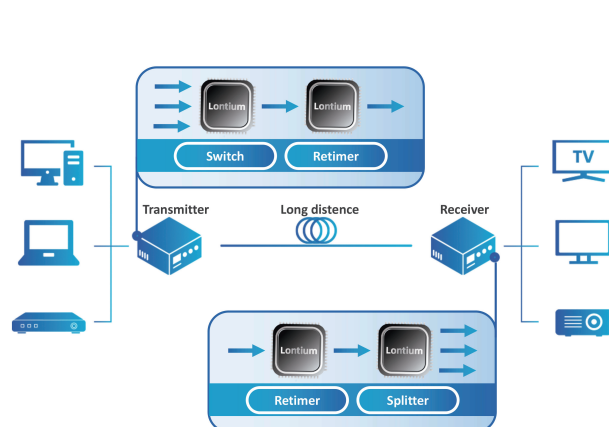


Video Processing Chips

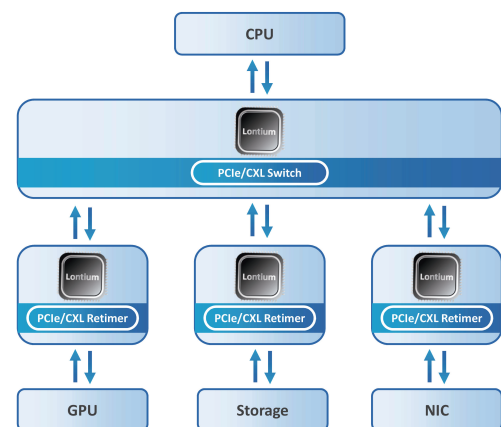
- **Video Bridging Chips:** These chips convert signals between varying standards, including DP, HDMI and MIPI, allowing devices with different protocols to communicate instantly. Our bridging chips ensure high-bandwidth video transmission at rates up to 20Gbps with ultra-low latency and broad protocol compatibility.
- **Video Processing Chips:** These chips enhance the visual experience with image scaling, color correction, and noise reduction. They enable features such as multi-window displays, 8K ultra-high resolution, and high-refresh-rate output of up to 240Hz to ensure the crisp, fluid and color-accurate presentation of final image.

Interconnect Chips

Our interconnect chips primarily comprise high-speed signal interconnect chips and AI interconnect chips, ensuring massive amounts of data to travel across systems efficiently and reliably. As data centers and AI & HPC platforms scale up, signal degradation over distance and extensive data switching become bottlenecks, which our chips are designed to address.



High Speed Signal Interconnect Chips



AI Interconnect Chips

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- ***High-Speed Signal Interconnect Chips:*** These chips, including repeaters, switches, splitters, and matrix chips, are signal boosters and traffic controllers for display ecosystems. Utilizing our proprietary signal conditioning technologies, they clean, amplify, and route signals across long distances and complex circuit boards, enabling multi-screen setups and ensuring high-fidelity transmission in AI-powered intelligent vision terminals, AR/VR devices, and displays in smart vehicles.
- ***AI Interconnect Chips:*** These chips, such as high-speed PCIe/CXL/USB retimers and switches and protocol bridges, support the distributed topologies required by AI training and high-performance computing. They facilitate the efficient exchange of data between storage units and computing units, such as CPUs and GPUs. Supporting transmission rates of up to 32GT/s per lane, these chips under development ensure data integrity for critical interfaces such as PCIe4.0/5.0 (CXL2.0 compatible), and SATA.

Product Lifecycle and Lead Time

Our products follow the technical upgrade cycles of underlying interface protocols. For smart video chips, we offer products spanning multiple HDMI generations from HDMI1.4 (3.4Gbps/lane, 1080p) to HDMI2.1 (12Gbps/lane, 8K), and DisplayPort generations from DP1.2 (2.7Gbps/lane) to DP2.1 (20Gbps/lane). For interconnect chips, we offer products supporting data rates from 3Gbps to 8Gbps. We maintain multiple product generations in mass production concurrently, as different end markets adopt new protocols at varying paces. During the Track Record Period, typically, the new product development cycle spans approximately 200 days for design, 120 days for manufacturing, and 150 days for validation. Once in mass production, the average time from order placement to delivery generally ranged from 25 days to 50 days. Pricing varies by product generation and specification, with higher-specification products generally commanding higher prices. See “— Sales, Marketing and Distribution, Pricing.”

OUR SOLUTIONS AND APPLICATIONS

Our chips can serve multiple application scenarios. For instance, a video bridging chip may help an intelligent vision terminal to communicate with a conference camera, while the same underlying technology support a smart vehicle to link the infotainment system to the rear-seat display. Similarly, an interconnect chip ensuring signal integrity in an AI server can also maintain stable high-speed data flow in complex AR/VR systems. Their fundamental capabilities of capturing, connecting, processing, and displaying underpin our solutions across target markets. Our products have been widely applied in intelligent vision terminals, smart vehicles, and AR/VR devices, and we are focusing on applications in the AI & HPC fields.

Intelligent Vision Terminals

Intelligent vision terminals represent our largest end-application market. Our products have been adopted in mass production by a number of internationally renowned companies across drones, robotics, smart commercial displays, and smart video conferencing systems.

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The following diagrams set forth an overview of multiple typical application scenarios of our products in intelligent vision terminals for illustrative purposes:



Our chips for intelligent vision terminals have the following competitive advantages:

- **Comprehensive Protocol Support:** Our products support major industry protocols, including HDMI, DP/eDP, USB-C, MIPI, LVDS and VGA, enabling flexible and diverse deployment for the commercial display and accessory markets;
- **High Data Rates and High Resolution:** Our products support resolutions of up to 8K at 60Hz and incorporate DSC compression and decompression technologies. In addition, our DP/USB-C products support Multi-Stream Transport (MST), enabling multiple display streams over a single link and reducing the complexity of system-level design;
- **Single-Chip Solutions:** We expand our product portfolio to offer single-chip solutions for typical applications, simplifying customers' system design and reducing device costs;
- **Low Power Consumption and High Stability:** Through ongoing design optimization and refined power-domain partitioning, we reduce chip-level power consumption and improve overall system stability, thereby extending battery life for portable devices; and
- **Specialized Products for Multiple Applications:** We also offer certain products tailored for specialized markets, featuring compact size, low power consumption, low thermal output, high resolution, high refresh rate and high color depth, making them well suited for applications such as medical endoscopy and industrial non-destructive testing.

Case Study: HDMI-MIPI Protocol Conversion for Smart Video Conferencing Systems

When a leading global PC and enterprise solutions provider sought to build a new smart video conferencing system on Qualcomm mobile SoC platforms, featuring advanced capabilities such as smart audio and facial recognition, they encountered a critical connectivity bottleneck. The core processor operated on the MIPI standard, yet the real-world ecosystem, ranging from video and audio data sources like laptops to displays like large commercial screens, relies predominantly on HDMI. This mismatch created an urgent need for high-performance interface bridging ICs capable of translating between these incompatible protocols.

We provided a solution with all IP independently developed in-house, optimizing performance and power consumption at the architectural level. Our comprehensive HDMI-MIPI conversion portfolio supports standards from HDMI1.4 to the advanced HDMI2.1. Our HDMI-MIPI conversion products have been adapted for Qualcomm platforms and integrated into Qualcomm's official reference design

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platform. All chip development is undertaken by us independently. This collaboration enables downstream customers to accelerate development cycles and receive technical support from both Qualcomm and our Company. The solution has also been extended to mini-PC products with Intel CPU platforms.

Smart Vehicles

We have leveraged the our technological strengths accumulated in intelligent vision terminal applications to expand into the smart vehicle sector. Our high-speed mixed-signal chips are deployed across both the cockpit and driving domains, integrating and transmitting large volumes of data from various sensors — including cameras, LiDAR, and millimeter-wave radar, to domain controllers and displays with high speed and stability.

In a typical smart vehicle architecture, our serializer chips transmit sensor data from cameras and other devices to the domain controller, while our deserializer chips deliver processed video signals from the domain controller to cockpit displays. Our video bridging chips further enable protocol conversion between the domain controller and in-vehicle display systems.

Our chips for smart vehicles have the following competitive advantages:

- ***Comprehensive Automotive-grade Qualification:*** As of December 31, 2025, 19 of our chips have passed AEC-Q100 qualification, with several additional chips undergoing qualification tests. These products cover key functionalities such as human-machine interaction and display driving;
- ***Rich Product Portfolio:*** Our chip series for smart vehicles offer multiple versions and specifications to address customers’ diverse requirements and provide cost-competitive solutions across different vehicle platforms;
- ***Mass-Production Adoption by Major Automakers and Tier-1 Suppliers:*** Multiple products have already entered mass-volume vehicle production with leading automotive brands. Our solutions have also been adopted as standard configurations by major tier-1 suppliers such as global and domestic automotive electronics leaders, demonstrating the proven reliability of our products;
- ***Automotive SerDes Chipsets with Proprietary ADP Protocol:*** Purpose-built for automotive applications, our SerDes chipsets incorporate our self-developed ADP protocol, enabling long-distance and lossless transmission with ultra-low latency for in-vehicle camera and display signals. The products also support daisy-chain topologies and multi-channel fusion, simplifying in-vehicle wiring, reducing harness cost and enhancing system-design flexibility; and
- ***Next-generation Under Development:*** We are developing the next generation of our ADP Link-II technology, designed to support a forward-channel data rate of up to 20.25Gbps and a reverse-channel data rate of up to 1.08Gbps.

Case Study: HDMI-MIPI Conversion for Automotive Smart Cockpit Entertainment Systems

A leading automotive electronics provider developed a smart cockpit entertainment system for premium vehicles, using Qualcomm SoC and Amlogic’s SoC platforms. The system requires HDMI2.0 input to CSI-2 conversion chips to (i) connect external HDMI devices, such as computers or gaming consoles, for projection onto rear-seat displays and (ii) interface the HDMI output from the Amlogic SoC to the Qualcomm SoC for internal screen projection. Additionally, CSI-2 output from in-car camera modules needs to be converted to HDMI for processing by the Amlogic SoC. The solution must support up to 4K60 resolution, HDCP2.3, and meet automotive-grade standards.

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We provide HDMI-to-MIPI and MIPI-to-HDMI chips, which were industry firsts to support HDMI2.0 4K60 and HDCP2.3 while passing AEC-Q100 automotive qualification. Both chips have proven compatibility with Qualcomm platforms. The solution has been successfully mass-produced in automotive smart cockpit systems. The same components have also been applied to marine electronics products.

AR/VR

Our chips connect the virtual and real worlds in AR/VR devices, which can transmit high-resolution and high-refresh-rate visual data from the main processor to micro-displays with ultra-low latency, ensuring smooth, tear-free display and a boundless sense of immersion.

In a typical AR/VR application, our chips serve multiple roles across the signal chain. For VR headsets, our USB-C to MIPI/LVDS conversion chip receives video signals from the host device and converts them into formats compatible with micro-displays. Our Spatial Computing SoC process spatial interaction functions including 6DOF tracking, gesture recognition, and eye tracking. For AR glasses, our MIPI to USB-C and HDMI to USB-C chips transmit captured visual data from the device back to the host for processing.

Our chips for AR/VR have the following competitive advantages:

- ***Adoption by Leading AR/VR Device Manufacturers:*** We cooperate with leading market players such as RayNeo, Rokid, XREAL, and a global market leader in consumer MR headsets based in the U.S. Multiple mass-production models from these manufacturers have adopted our chips, enabling high-resolution (up to binocular 8K), high-refresh-rate (up to 120Hz) and ultra-low-latency display performance;
- ***Comprehensive Functionality for Advanced Display Systems:*** Our chips support DP1.4, DSC compression/decompression, HDCP decryption, 3D display and OSD functionalities. They also integrate USB-C PD controllers and LPDDR4 memory to enhance image-scaling and frame-rate-conversion performance;
- ***Compact Design Optimized for Wearables:*** Through a highly integrated single-chip architecture and refined multi-power-domain optimization, our chips significantly reduce power consumption and chip size, meeting the stringent thin-and-light requirements of AR glasses; and
- ***Deep Ecosystem Collaboration:*** We collaborate with major global technology companies, including Sony and Qualcomm, to jointly build a “SoC + chipset + panel” ecosystem, strengthening our positioning in next-generation wearable devices.

Case Study: USB-C/DP to MIPI/LVDS Conversion for AR Glasses

A modular AR glasses system requires a chip to bridge the video transmission between the external source and the glasses. When users connect the glasses to external devices such as smartphones, computers, or gaming consoles via USB-C cables, the chip converts the input signal into a display-ready format to be projected onto Micro OLED panels inside the glasses. Certain models use LVDS-interface Micro OLED panels, while others use MIPI-interface Micro OLED panels. The chip must meet strict requirements for size, power consumption and heat dissipation to be compatible to AR glasses.

Our chip supports USB-C/DP1.4 input and outputs both LVDS and MIPI, compatible with Micro OLED panels from Sony, SeeYA and other reputable panel manufacturers. It integrates a USB-C PD controller, MCU, Flash, and rich IOs to simplify system design. Tailored for AR glasses applications, the chip offers high integration, broad compatibility, and mature reference designs in collaboration with leading panel manufacturers. For example, Sony’s Micro OLED panels use special data formats, and

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our product was among the first to support them. Moreover, our chip is integrated into an external computing unit to handle video processing for a high-end AR glasses system built on a mainstream Android XR platform with a Qualcomm SoC.

AI & HPC

We are actively expanding our footprint into the AI & HPC sector. Our in-development AI & HPC solution portfolio are designed to enhance connectivity between computing units and from storage to computing fabrics. We have developed the prototypes of our PCIe to SATA controller for storage expansion, and we are developing a PCIe5.0 retimer (CXL2.0 compatible) for signal integrity and planning to introduce high-performance switching solutions for complex data routing. Together with our video capture technologies, these innovations aim to create a comprehensive interconnect ecosystem that powers the infrastructure of the AI era.

Our chips for AI & HPC have the following competitive advantages:

- ***PCIe-to-SATA Solutions for Enhanced Storage Scalability:*** We have successfully developed a PCIe to SATA controller for applications in AI PCs and servers, enabling significant expansion of storage capacity and meeting the increasing demand for flexible, high-density storage architectures.
- ***HDMI2.1-to-PCIe4.0 Chip for High-resolution and Low Latency:*** We have successfully taped out our HDMI2.1-to-PCIe4.0 chip, designed to support high-resolution and low latency. Paired with computing units, the chip enables advanced image capturing, rendering, processing, and recognition functions, addressing professional requirements in AI vision and data-center video-processing scenarios. For example, the chip can be integrated into AI PCs to enable multi-channel high-resolution video capturing and display processing.
- ***Next-generation PCIe5.0 Retimer under Development:*** We are developing a PCIe5.0 retimer (CXL2.0 compatible) with substantial progress already achieved, planned for tape-out in the first half of 2026. As a core component for high-speed signal transmission, a PCIe5.0 retimer functions as both the guardian of signal integrity and an enabler of system-architecture optimization in servers and AI clusters, supporting multi-CPU/GPU interconnection and distributed storage subsystem deployment.
- ***High Bandwidth and Low Latency:*** Leveraging our SerDes expertise, we have developed and mass-produced a general-purpose single-channel 12.5Gbps high-speed signal-extension chip. Adopted in domestic 5G communication deployments, this product mitigates long-distance signal attenuation in base-station equipment and has been widely used by major communication manufacturers.
- ***High Anti-Interference Capability and Reliability:*** Through the use of differential signaling, advanced equalization (including FFE and CTLE/DFE), and error correction techniques, our solutions maintain signal integrity even in complex industrial electromagnetic environments, ensuring stable and reliable operation.

Case Study: Collaboration with a Leading Telecommunications Equipment Manufacturer on High-Speed Signal Enhancement Chips

We have established a long-term cooperation with a leading telecommunications equipment manufacturer in China to develop its 5G communication base station system products which require high-speed data transmission across multiple functional boards on a backplane. Therefore, the customer needed high-speed signal enhancement chips capable of restoring signal integrity from attenuation, timing skew and jitter under high-speed data transmission.

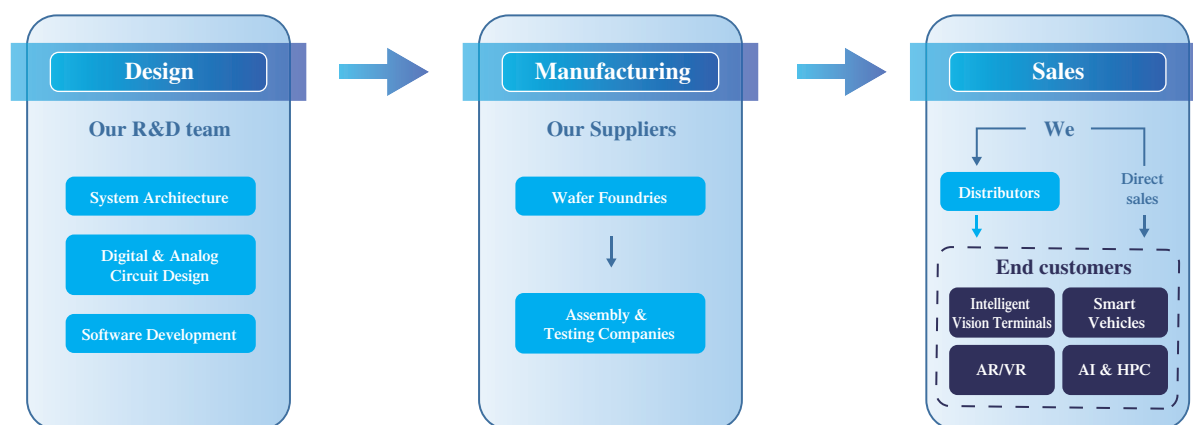
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We independently developed redriver/retimer chips which function as advanced signal relay stations. These chips act as repeaters that receive degraded signals, rectify timing anomalies using advanced equalization and clock-data recovery technology, and re-transmit them with restored integrity. Supporting data rates of up to 12.5Gbps, our solution ensures that data remains intact even when traversing complex backplane architectures based on the 10G-KR Ethernet standard. Furthermore, the chips feature integrated switching functions, allowing them to act as traffic controllers that route data flexibly across multiple channels of various protocols, including CAUI-10 and PCIe. The deployment of our redriver/retimer chips has significantly improved signal quality, meeting the customer’s stringent requirements for mission-critical infrastructure. Moreover, we are jointly exploring next generation redriver/retimer chips with higher transmission speeds. Our cooperation with the customer extends to other product lines such as cloud computing and video conferencing systems, where our smart video chips and interconnect chips have entered mass production. This successful deployment in 5G infrastructure validates our capability to solve critical timing and synchronization challenges, laying a technical foundation for our strategic expansion into the AI and HPC markets.

OUR FABLESS BUSINESS MODEL

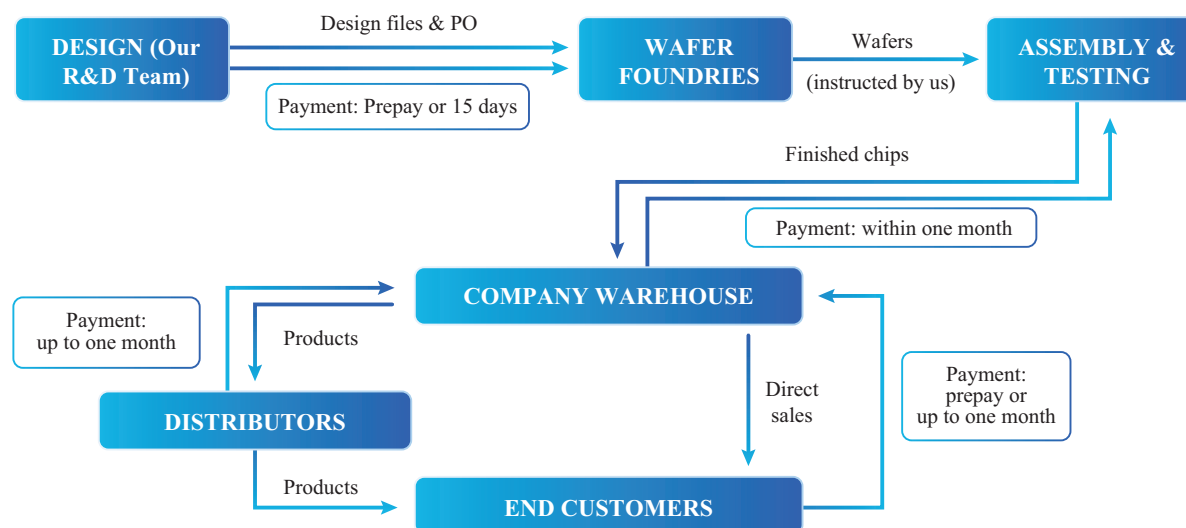
Since our inception, we have operated under a fabless model and primarily focused on the research and development, and sales of integrated circuits. After completing chip design, we outsource production to wafer foundries and assembly and testing services to third-party companies. After quality checking of these outsourced products, we sell the products directly or through distributors to downstream customers. According to Frost & Sullivan, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on R&D.

The following diagram illustrates our fabless business model:



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The following diagram illustrates the work, transaction and fund flows among us and key stakeholders:



The roles, responsibilities and payment terms of each party are as follows:

- *Wafer Foundries.* Wafer foundries manufacture wafers according to our design specifications. We bear the risk of design defects; the foundries bear the risk of production defects. Payment terms are prepayment or within 15 days after delivery.
- *Assembly and Testing Companies.* Assembly and testing companies package wafers into finished chips and conduct testing as instructed by us. We bear the risk of design-related failures; the service providers bear the risk of processing defects. Payment is generally made within one month after delivery.
- *Distributors.* Distributors purchase our products, assume title and risk upon delivery, and resell them to end customers at prices they determine, with reference to our recommended guidance. We honor warranty claims for defects attributable to us. We provide distributors with a credit period of up to one month. Product returns are limited to defective products.
- *Direct Sales.* To a lesser extent, we sell our products directly to customers. We adopted this direct model to facilitate joint product development and market promotion for consumer applications. Direct sales customers generally prepay before delivery. In limited cases, we grant a small credit line with a credit period of up to one month.

Through collaboration with established third-party partners, including wafer foundries as well as assembly and testing companies, we gain access to advanced manufacturing technologies and economies of scale. These partnerships enhance our products’ performance and reliability while enabling us to maintain a lean, agile operation and allocate resources efficiently.

OUR CORE TECHNOLOGIES

We adhere to a strategic philosophy of full-stack self-development of core technologies. ClearEdge comprises design libraries, development tools, and circuit design data from over 100 chip development projects. It integrates our three core technologies, (i) high-bandwidth SerDes, (ii) high-speed protocol processing and data encryption, and (iii) HD video processing and display driving, supporting our comprehensive competitive advantages in chip design, protocol stack development, and upper-layer application optimization.

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ClearEdge serves two principal functions: first, it enables us to port analog circuit designs to different wafer foundries with minimal modification, which enhances supply chain flexibility; second, it allows us to reuse proven circuit designs across different product lines, which accelerates time-to-market for new products. For example, our SerDes receiver design was progressively optimized through several generations of DP1.4 video bridging chips. Because PCIe3.0 has similar signal integrity requirements to DP1.4, we adapted this proven SerDes architecture for our PCIe to SATA controller with only interface-level modifications.

Our Full-Stack Proprietary Core Technologies

High-Bandwidth SerDes Technology

SerDes technology is critical to modern high-speed connectivity. It converts parallel data into high-speed serial signals for transmission and unpacks them back into parallel data at the receiver, allowing large volumes of data to travel over fewer cables while minimizing crosstalk and timing skew. Therefore, it enables high bandwidth, low latency, and high reliability communication between chips, modules, and systems.

On the transmission side, we adopt a multi-stage pre-emphasis architecture and noise-suppression techniques to significantly enhance signal integrity and anti-interference performance. On the receiving side, we integrate adaptive equalization, clock data recovery (“CDR”) and high-precision clock phase interpolation to address transmission-distance and media-related attenuation and timing-skew bottlenecks in wired communication.

Our transceiver system also incorporates a high-performance PLL design with automatic temperature monitoring and real-time compensation to reduce environmental fluctuations. With a built-in high-precision voltage reference SerDes architecture, our SerDes technology currently supports stable data rates up to 20Gbps, and with FEC mechanisms, achieves a BER below 10^{-12} over long-distance transmission. Development underway for data rates up to 32Gbps.

Our SerDes technology is compatible with multiple mainstream video protocols and communication standards. Through system-level power management and signal-path optimization, our solutions deliver high bandwidth, high reliability, low power consumption and low latency, making them suitable for next-generation communication infrastructure, UHD video transmission, industrial IoT and AI applications.

High-Speed Protocol Processing and Data Encryption Technology

Our wide coverage of video signal protocols enables industry-leading version compatibility. Specifically, our products comprehensively support HDMI, DP/eDP, USB, MIPI, LVDS, VGA and other mainstream HD video interface protocols currently available in the industry:

- **HDMI:** We were among the earliest industry participants to specialize in HDMI product development. Our product portfolio supports HDMI2.1 with transmission bandwidths of up to 12Gbps, representing the current gold standard for stable UHD video performance. The products support VRR to reduce tearing and stuttering, eARC for high-quality audio return, DSC to lower bandwidth requirements without compromising image quality, HDCP2.3 for content protection and dynamic HDR for enhanced color and contrast. Our HDMI solutions cover home entertainment, professional displays and industrial control applications, and have passed rigorous compatibility and mass-production tests and are well recognized by customers.

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- **DP:** Our DP2.1 solutions support bandwidths of up to 80Gbps, one of the highest bandwidth specification currently defined by the Video Electronics Standards Association (VESA), the global authority on display interface standards, for mass-market displays. These solutions drive single-stream uncompressed 8K@60Hz HDR or 4K@240Hz HDR displays. With DSC, they support 8K@120Hz HDR or dual-stream 4K@144Hz HDR, and further support 10K@60Hz, which positions our technology at the forefront of next-generation UHD display. They incorporate Adaptive-Sync for smooth frame synchronization, MST for multi-stream display over a single link, and low-power modes for extended battery life.
- **USB:** We also offer USB signal-extension and USB3.2 protocol-conversion chips supporting UVC for multi-channel video transmission. As an early developer of USB-C protocol chips, our products support USB-C PD (up to 48V charging) and USB-C DP Alt Mode, enabling rapid high-power charging suitable for performance laptops beyond standard mobile requirements.
- **MIPI:** Our self-developed MIPI products support up to MIPI 3.0 with D-PHY/C-PHY in a combo architecture optimized for chip size and power efficiency. The physical layer supports standard D-PHY/C-PHY, and the protocol layer supports standard DSI/CSI-2. Receiver-side rates reach 4.5Gbps per lane for D-PHY and 3.5Gbps per lane for C-PHY; transmitter-side rates reach 6Gbps and 6Gbps, respectively. DSI supports Video/Command modes and low-speed bidirectional communication, while CSI-2 supports multi-virtual-channel data reception and transparent forwarding with resolutions up to 8K@60Hz, meeting the stringent latency and resolution demands of top-tier VR and automotive cockpit systems.

Our products also support audio data receiving and transmitting, eARC, clock recovery, decoding, and AV synchronization. In addition, we have developed the MAL (Multi-Audio Link) protocol for audio systems in smart vehicles, adopting a half-duplex shared-channel architecture with a bidirectional rate of 98.304Mbps and up to eight cascaded nodes. MAL automatically detects link status and cascade levels, supports 5V–12V power input with online power delivery, and supports TDM, I2S and PDM interfaces.

Furthermore, to ensure the security of data during transmission, we have integrated data encryption and decryption technology modules at the transmission and reception ends of our chips. Through device authentication, signal encryption, and verification mechanisms, only authorized devices are allowed to decrypt and use the protected content, preventing unauthorized copying, interception, and use. This provides end-to-end secure transmission solutions for scenarios such as 4K/8K UHD video and general data transfer.

HD Video Processing and Display Driver Technology

Through years of R&D, we have developed a portfolio of proprietary video processing and display driver technologies designed to optimize visual performance across three key dimensions:

- **Visual Fidelity:** Technologies such as Local Dimming, HDR (High Dynamic Range), Gamma, Uniformity, Color Management, Sharpness, and 3D-LUT, deliver cinema-grade color accuracy and superior contrast ratio;
- **Motion Fluidity:** Features including Over-Drive, FRC (Frame Rate Control), and De-interlace eliminate motion blur and ghosting in fast-paced content; and
- **Display Flexibility:** Capabilities such as Scaler, Rotation, Warping, and Cropping allow content to adapt to curved screens (common in automotive cockpits), video walls, and displays with non-standard aspect ratios.

In addition, our processing suite includes OSD (On-Screen Display), DSC, PIP/PBP (Picture-in-Picture/Picture-by-Picture for multi-source viewing), 3D frame segmentation, MST, and RISC-V-based processing functions.

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Leveraging our self-developed LPDDR4, DDR3 and PSRAM storage controller technologies, we offer an integrated processing pipeline that covers the full path from video input to display output, enabling efficient, stable and low-latency handling of 4K/8K UHD formats. Our technologies also feature low power consumption and strong adaptability across diversified applications. We will continue to deepen R&D and expand into video SoCs, video bridging, and on-device AI computing to provide flexible and efficient video processing solutions.

RESEARCH AND DEVELOPMENT

Our R&D Team

Our dedicated and experienced R&D team operates under the strategic guidance of Mr. FENG CHEN (陳峰), our founder, whose years of industry experience have shaped our overall R&D direction and technology roadmap. Please see “Directors and Senior Management” for details of Mr. Chen’s profile and background.

We have assembled dedicated R&D teams focusing on chip design. As of December 31, 2025, our R&D team consisted of 192 employees, 56.8% of whom held a master’s degree or above. In 2023, 2024 and 2025, our R&D expenses amounted to RMB74.5 million, RMB100.0 million and RMB113.2 million, respectively, accounting for 23.1%, 21.5% and 19.9% of our total revenue for the respective periods.

R&D Process

Our R&D process for a new product comprises four stages:

- **Project Initiation.** We align customer demand with our technology capabilities, after which we submit project plans for feasibility reviews.
- **Project Planning.** We define design objectives, prepare preliminary system architecture and validation plans, and conduct a review. The approved design plan is finalized, and product development begins.
- **Design and Verification.** Our R&D teams conduct detailed chip design and simulation work, covering system architecture, digital and analog circuit design, UVM and FPGA verifications, layout and package design, and software development. A pre-tape-out review is held to ensure all design parameters meet technical specifications before proceeding to mask production.
- **Product Validation and Mass Production.** We perform testing on the chip samples from small-scale pilot production, after which we complete mass production testing programs, application solution development and testing, and reliability testing. Upon passing such tests, the product is qualified for mass production.

Ongoing Key R&D Projects

During the Track Record Period and up to the Latest Practicable Date, we had been engaged in a variety of R&D projects for technologies related to our core products. All of our ongoing R&D projects are undertaken independently by us, and we maintain full control over our R&D processes. The table below illustrates our ongoing key R&D projects:

Project Name	Current Stage	Applicable Field
Multi-Function Display Controller	Design and verification	UHD monitors, video walls and smart terminal systems.

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Project Name	Current Stage	Applicable Field
Video Bridge	Product validation	AR/VR, AI & HPC, smart vehicles, and smart terminal systems.
PCIe5.0/CXL2.0 Retimer . . .	Design and verification	AI & HPC.
20.25G SerDes	Design and verification	Smart vehicles, AR/VR, and smart terminal systems.
On-Device Spatial Computing SoC	Design and verification	AR/VR and robotics.

R&D Centers

As of the Latest Practicable Date, we operate two R&D centers in China. Our headquarters in Hefei serves as our primary R&D hub, focusing on the development of smart video chips and interconnect chips, the design of application solutions, and overall operations. Our Shenzhen center focuses on the development of chip application solutions, as well as marketing and sales.

SUPPLY CHAIN MANAGEMENT

Procurement

We operate under a fabless model to optimize our R&D, design and sales capabilities. The production of our chips is carried out through outsourcing to wafer foundries and assembly and testing companies. During the Track Record Period, we primarily procured wafer fabrication services from wafer foundries and assembly and testing services from assembly and testing companies. We place great emphasis on sourcing our raw materials and services from suppliers with a good reputation and track record.

Procurement Process. The marketing and sales department provides a rolling sales plan based on customer demand. The logistics and procurement department, taking into account the sales plan, order requirements, and product inventory levels, formulates procurement and production plans and arranges wafer fabrication and assembly and testing orders. Once the wafer foundry completes wafer production and passes quality inspection, we instruct the foundry to ship the wafers to the designated assembly and testing facility. Upon arrival, we issue assembly and testing orders, and the assembly and testing facility carries out the process according to the order specifications. After production, the chips are either temporarily stored at the assembly and testing facility or shipped to designated locations as instructed by us.

Outsourced Production Quality Control. We manage and monitor outsourced chip production through the following measures: optimizing production parameters and monitoring yield data to continuously improve product yield, requiring foundries to follow standard control plans for comprehensive quality management, and marking each chip for traceability to wafer fabrication and assembly and testing information.

Payment Process and Credit Policy. We generally have two payment methods with wafer foundries: prepayment before production and settlement after production. For prepayment, payment is made according to the signed purchase order. For post-production settlement, payment is made after reconciling product receipt and supplier invoices, in accordance with the agreed payment terms. We usually settle payments with assembly and testing vendors based on contractually agreed terms. All payments are made via bank transfer, and no cash payments are involved.

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Potential pricing fluctuations in wafer manufacturing and chip assembly and testing services can arise due to factors including global and domestic production capacity, evolving governmental regulations, shifts in supply-demand dynamics and geopolitical conditions including trade restrictions, tariffs and international conflicts. To mitigate these risks, we have established a dual-track supply system leveraging both domestic and international manufacturing resources. See “— Our Competitive Strengths — Efficient and Resilient Dual-Track Supply Systems.” During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations.

Our Suppliers

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) wafer foundries, and (ii) companies that provide services in assembly and testing. We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, service quality, production capacity, responsiveness and commercial performance. Approved suppliers are included in the qualified supplier list maintained by our supply chain and quality department. We conduct periodic performance reviews of qualified suppliers regarding their price, quality, delivery, and service. Non-compliance or significant quality issues will trigger immediate reassessment, which may result in removal from the qualified supplier list.

We generally issue purchase orders to our suppliers based on our demand forecast. Our demand forecast extends to six months and is updated monthly on a rolling basis relying on historical market demand patterns and our management team’s industry and market experiences and insights. Our supplier confirms and signs the purchase order upon receipt. For domestic foundries and chip assembly and testing companies, we typically enter into framework agreements which set forth the general terms and conditions of purchase.

Salient terms of the supply agreements with our suppliers typically include:

- **Duration.** Our procurement agreements with our main suppliers usually do not have a fixed term.
- **Pricing.** Price is determined by us and our suppliers mutually in the quote or specific purchase orders.
- **Payment and Credit Terms.** Payment terms are typically set out in the quote or specific purchase orders rather than the framework agreement. We are generally granted credit terms within one month.
- **Minimum Purchase Requirements.** Our procurement agreements with our main suppliers usually do not contain minimum purchase requirements.
- **Quality and Product Return.** We typically agree on the yield rate with suppliers. If the yield rate falls below the agreed-upon level, we can request a return, or the supplier will bear the cost loss for the difference in yield.
- **Logistics.** Our suppliers generally make arrangements for the logistics of delivering the raw materials or components to us.
- **Termination/Renewal.** The agreement generally can be terminated by either party upon the occurrence of a list of events, including the un-rectified nonperformance by the other party of its obligations under the agreement.

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Our Major Suppliers

During the Track Record Period, purchases from our five largest suppliers in each year amounted to RMB153.8 million, RMB235.9 million and RMB282.3 million, respectively, representing 83.2%, 93.1% and 90.6% of our total purchases, respectively. In addition, purchases from our largest supplier in each year during the Track Record Period were RMB63.3 million, RMB104.1 million and RMB121.4 million, respectively, accounting for 34.3%, 41.1% and 39.0% of our total purchases, respectively. For details of our reliance on a limited number of suppliers, see “Risk Factors — Risks Relating to Our Business and Industry — We partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.”

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers in each year during the Track Record Period were Independent Third Parties. Supplier E was one of our five largest suppliers in 2023 and 2024. One of our Shareholders held less than 30% equity interest in Supplier E. Such Shareholder, acting in concert with another Shareholder, owned more than 5% of our issued share capital until July 12, 2024, after which their holdings in our Company were reduced to less than 5%.

As of the Latest Practicable Date, none of our Directors, their close associates, or any of our Shareholders (who or which, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest suppliers in each year during the Track Record Period. We settle transactions with our five largest suppliers through bank transfer.

Rank	Supplier	Type of Product/ Services Provided	Purchase Amount	Percentage of Total Purchase	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
For the Year Ended December 31, 2023						
1	Supplier A ⁽¹⁾	Wafer fabrication	63,278	34.3	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	50,476	27.3	pay in advance	2018
3	Supplier C ⁽³⁾	Assembly and testing	22,065	11.9	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	10,062	5.4	one month	2020
5	Supplier E ⁽⁵⁾	Testing	7,895	4.3	one month	2021
Total			153,776	83.2		
For the Year Ended December 31, 2024						
1	Supplier A ⁽¹⁾	Wafer fabrication	104,122	41.1	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	78,569	31.0	one month	2018
3	Supplier C ⁽³⁾	Assembly and testing	30,954	12.2	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	13,516	5.3	one month	2020
5	Supplier E ⁽⁵⁾	Testing	8,719	3.4	one month	2021
Total			235,880	93.1		
For the Year Ended December 31, 2025						
1	Supplier A ⁽¹⁾	Wafer fabrication	121,397	39.0	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	90,201	28.9	one month	2018
3	Supplier C ⁽³⁾	Assembly and testing	43,157	13.9	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	14,485	4.7	one month	2020
5	Supplier F ⁽⁶⁾	Assembly and testing	13,106	4.2	one month	2021
Total			282,346	90.6		

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Notes:

- (1) Supplier A is headquartered in Malaysia and engages in wafer foundry production.
- (2) Supplier B is headquartered in Taiwan and engages in wafer foundry production.
- (3) Supplier C is headquartered in Taiwan and engages in assembly and testing foundry services.
- (4) Supplier D is headquartered in Jiangsu Province, PRC and engages in assembly and testing foundry services.
- (5) Supplier E is headquartered in Anhui Province, PRC and engages in foundry services for wafer and chip testing.
- (6) Supplier F is headquartered in Anhui Province, PRC and engages in assembling and testing foundry services and mid-range professional testing platforms.

During the Track Record Period, we engaged two wafer foundries and five assembly and testing service providers in 2023, three wafer foundries and six assembly and testing service providers in 2024, and four wafer foundries and six assembly and testing service providers in 2025, respectively.

We rely primarily on two wafer foundries for our chip manufacturing. During the Track Record Period, we primarily procured wafers and photomasks from Supplier A and Supplier B. In 2023, 2024 and 2025, our aggregate purchases from Supplier A and Supplier B accounted for 61.6%, 72.1% and 67.9% of our total purchases, respectively. Supplier A is a semiconductor manufacturer headquartered in Malaysia. Supplier B is a semiconductor manufacturer in Taiwan, China. We started business collaboration with Supplier A in 2012 and Supplier B in 2018. According to Frost & Sullivan, Supplier A ranked among the top 10 in the Southeast Asia market in terms of revenue, while Supplier B was among the top five globally in terms of wafer manufacturing revenue in 2025.

While we do not enter into long-term agreements with Supplier A or Supplier B, the supply relationship has remained strong and stable, given the long-standing relationship. In addition, according to Frost & Sullivan, it is in line with industry practice for chip design companies to rely on a limited number of foundry partners for procurement of most of the wafers. As we source a significant portion of wafers from Supplier A and Supplier B, if our relationship with either supplier is terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business. See “Risk Factors — Risks Relating to Our Business and Industry — We partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.”

We have expanded our procurement network to include other qualified wafer manufacturers, including those based in China, to ensure the stability and flexibility of our wafer supply. During the Track Record Period, we established stable cooperation with two additional wafer manufacturers and have reached tape-out stage of several products with both. These manufacturers have demonstrated the ability to meet industry standards and our operational needs, manufacturing capacity and product quality requirements under reasonable commercial terms. The commercial terms of our procurement from these manufacturers are comparable with Supplier A and Supplier B. According to Frost & Sullivan, the commercial terms of our procurement from these manufacturers are consistent with the industry norm. We understand there are additional alternative manufacturers with the technical knowledge to produce products as currently supplied by Supplier A and Supplier B with certain variations in prices, quality and specifications to achieve similar functions under reasonable commercial terms. Our Directors are of the view that our relationship with Supplier A and Supplier B is unlikely to materially adversely change or terminate, because (i) we have maintained a long-term and stable relationship with Supplier A and Supplier B for around ten years, and (ii) during the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with Supplier A or Supplier B.

With respect to assembly and testing services, we engage multiple service providers. According to Frost & Sullivan, the commercial terms of our procurement from these service providers are consistent with the industry norm. We have maintained a list of qualified alternative suppliers able to offer us comparable quality and commercial terms.

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During the Track Record Period and as of the Latest Practicable Date, we maintained stable relationships with our major suppliers, and our Directors are of the view that there is no risk of termination of our business relationships with major suppliers. Also, our Directors are not aware of any indicators of potential termination.

SALES, MARKETING AND DISTRIBUTION

Our Sales Network

Our products are standardized and serve a wide range of downstream applications. Our customer base is relatively dispersed, and most of our end customers purchase a variety of chips, preferring to consolidate their procurement through distributors. As a result, our sales model is primarily distributor-based, supplemented by direct sales. We maintain a seller-and-buyer relationship with our distributors: they purchase products from us, with title and risk passing upon delivery, and resell them to end customers at prices they determine, with reference to our recommended guidance. During the Track Record Period, substantially all of our revenue was generated from our distributors, who sell our chips to end customers across various industries.

The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Distributors	319,481	98.9	459,835	98.7	561,284	98.8
Direct sales	3,666	1.1	6,168	1.3	6,920	1.2
Total	323,147	100.0	466,003	100.0	568,204	100.0

Under the direct sales model, we sell our products directly to end customers, which are primarily consumer electronics companies and audio-visual equipment providers based in China. These end customers are generally well-established participants in their respective sectors and procure our products for integration into their own products. We have been actively expanding our sales networks overseas. Utilizing our own marketing and promotional strengths and distributor channels, we had greater presence in overseas markets and foreign customer coverage, such as South Korea, Japan and Southeast Asia. In December 2023, we established one subsidiary in Singapore to further enhance our overseas sales strategy.

Our Distribution Channels

Overview

During the Track Record Period, we primarily marketed and sold our products through third-party professional distributors. The distributor-based model reduces our resource investment in the sales process, allowing us to focus on product R&D and supply chain management. The primary roles of our distributors include (i) assisting us in acquiring new downstream end customers, maintaining relationships, and providing after-sales service, (ii) supporting day-to-day end customer management to enhance operational efficiency and market responsiveness, and (iii) facilitating faster payments to improve cash flow and reduce accounts receivable risk. According to Frost & Sullivan, it is an industry norm for fabless chip design companies in China to engage distributors for the sales of products.

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The end customers to whom our distributors ultimately sell our products primarily comprise (i) consumer electronics manufacturers and commercial display solution providers for intelligent vision terminal applications, (ii) automotive OEMs and tier-1 suppliers for smart vehicle applications, (iii) AR/VR device manufacturers for AR/VR applications, and (iv) server and computing equipment manufacturers for AI & HPC applications. As we maintain a seller-and-buyer relationship with our distributors without direct contractual relationships with end customers, we do not have complete visibility into the identity of all end customers or an accurate breakdown of revenue by end market.

To the best of our knowledge, we do not have any sub-distributor during the Track Record Period and up to the Latest Practicable Date. Historical sales generated by distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors as detailed below. We did not identify any material incident of non-compliance by our distributors during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we generally issued authorization certificates to our major distributors (the “**Certified Distributors**”) on an annual or semi-annual basis, and entered into distribution agreements with them. As of December 31, 2025, we had 25 Certified Distributors, which are primarily professional distributors in the semiconductor industry, providing comprehensive modern supply chain service. As a supplement to our distribution network, we also transacted with other distributors who are Independent Third Parties. Such other distributors generally comprise (i) new distributors that possess an established customer base but are undergoing our assessment of their business development capabilities, technical support capabilities and market feedback before obtaining certification status; and (ii) distributors making temporary or occasional purchases. We do not enter into distribution agreements with these other distributors, and they typically place purchase orders with us on an ad-hoc basis. We manage sales to such other distributors equivalent to our direct sales, where parties abide only by the terms in the purchase orders.

The following table sets forth the movement in the number of our Certified Distributors during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
As of the beginning of the period	28	30	32
Additions of new Certified Distributors	4	3	3
Terminations of Certified Distributors	2	1	10
Certified Distributors at the end of period .	30	32	25

We engaged four, three and three new Certified Distributors in 2023, 2024 and 2025, respectively. In 2024, we certified one other distributor as our Certified Distributor for fulfilling our certification requirements.

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The following table sets forth the movement in the number of our other distributors during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
As of the beginning of the period	11	9	9
Additions of new other distributors	2	3	—
Terminations of other distributors	4	2	6
Certifications of other distributors to Certified Distributors	—	1	—
Other distributors at the end of period	9	9	3

We discontinued our partnership with two, one and ten Certified Distributors in 2023, 2024 and 2025, respectively, mainly due to their failure to consistently meet our requirements for business records, market presence, and technical support capabilities. Furthermore, we terminated four, two and six other distributors in 2023, 2024 and 2025, respectively, primarily because (i) certain other distributors did not subsequently qualify as Certified Distributors following our assessment process, or (ii) temporary or ad-hoc procurement needs had been fulfilled and no further purchases were made. The increase in terminations in 2025 reflected our strategic initiative to consolidate our distribution network, aligning with industry trends observed by Frost & Sullivan. This optimization allows us to concentrate resources on high-performing Certified Distributors, thereby enhancing service efficiency and distributor incentives. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with these departing Certified Distributors.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge, 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 who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates.

Principal Contractual Terms with Distributors

The key terms of our distribution agreements with Certified Distributors included the following:

- **Term.** The term of the distribution authorization is typically one year.
- **Purchase.** The purchase amount is specified in purchase orders.
- **Selling Price and Payment.** We generally set selling prices guidance based on market competition, prices of raw materials, internal policies and the regulatory environment. On a case-by-case basis, we provide Certified Distributors with a credit period up to one month after performance obligations are fulfilled, along with a credit order settlement limit.
- **Product Return or Exchange.** We typically do not allow Certified Distributors to return or exchange products except that our Certified Distributors may negotiate with us on return and indemnification of defective products due to our faults.
- **Product Warranty.** We provide a warranty period of two years for our chip products. Our warranty covers manufacturing defects and design defects that result in non-conformance with product specifications, excluding defects arising from improper application or normal wear and tear. We bear the warranty responsibility directly.

The key terms of purchase orders from other distributors included the following:

- **Product Purchase.** Purchase orders from other distributors typically would specify the product name, model, specifications, quantity, price, delivery location and delivery schedule.

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- **Selling Price.** Prices are generally agreed between the parties and set out in the relevant purchase orders.
- **Payment and Credit Terms.** Other distributors generally prepay before delivery.

Robust Management of Certified Distributors

An effective distribution network is essential for enhancing our sales performance and ensuring end customer satisfaction. As such, we maintain rigorous management of our Certified Distributors in the following aspects.

- **Selection Process.** We select Certified Distributors that are legally registered operating entities with good business records, strong market presence, and technical support capabilities in relevant industries, capable of achieving rapid sales growth.
- **Performance Review.** We conduct quarterly and annual reviews of our Certified Distributors, comprehensively assessing their performance against key metrics, including market development capabilities, technical support proficiency, financial strength, operational compliance, and purchase volume.
- **Inventory Management.** Our Certified Distributors are required to submit six-month rolling forecast by the end of each month, which serves as the basis for production planning and inventory preparation. Certified Distributors generally place orders according to submitted forecasts and orders placed without prior forecasts are subject to inventory availability or production capacity.
- **Channel Stuffing and Cannibalization Risk Management.** We have implemented the following measures to manage distribution-related risks:
 - (i) *Channel stuffing.* We sell products to Certified Distributors under a seller-and-buyer relationship based on purchase orders placed by them. We do not monitor or manage Certified Distributors’ inventory levels after sale. Given that, despite our performance targets, we do not impose minimum purchase requirement on Certified Distributors, and that our Certified Distributors are generally not allowed to return any unsold products to us, our Directors are of the view that we do not have any material channel stuffing issue.

We believe that our sales reflect the actual demand from end customers, minimizing the risk of channel stuffing and inventory backlog, as (i) we generally do not allow returns of products sold to distributors, except for limited reasons such as defective products; (ii) the advancement of AI technologies and increasing performance requirements of AI systems drive rapid development and iteration of our products; and (iii) we grant a short credit period to or require payment in advance from distributors and do not set minimum purchase requirements, encouraging distributors to make purchases according to their respective inventory level and market demands. We believe such arrangements encourage distributors to order products based on actual sales forecasts.

- (ii) *Cannibalization.* We have also taken effective measures to minimize the risk of cannibalization, including: (a) *management system:* we require that Certified Distributors in the same region should have complementary strengths to minimize overlapping customer relationships with respect to our products during selection process, (b) *investigation system:* we also investigate identified incidents of cannibalization, where two or more Certified Distributors compete for one customer, and reserve the right to terminate our business relationship with those Certified

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Distributors that engage in cannibalization and (c) *recommended market prices*: we generally set selling prices guidance based on market competition, prices of raw materials, internal policies and the regulatory environment.

- **Empowerment.** We regularly conduct training sessions where we share technical expertise, product information, and industry knowledge with our Certified Distributors, and work with them to enhance sales skills, optimize sales strategies, and maximize the effectiveness of our marketing resources.

During the Track Record Period, we did not apply the management policies applicable to Certified Distributors to other distributors because such other distributors did not form part of our certified distribution network and only comprised new distributors undergoing our assessment process, or distributors making temporary or ad-hoc purchases. Given the limited scope, temporary nature and insignificant revenue contribution of such relationships, we managed sales to these other distributors in a manner substantially similar to our direct sales arrangements rather than subjecting them to the management requirements applicable to Certified Distributors. Consistent with our general policy, (1) we typically do not allow product returns from them except for defective products due to our faults; and (2) we do not impose minimum purchase requirement on them. Revenue generated from such other distributors was insignificant, representing less than 3% of our total distributor revenue in 2025.

Our Direct Sales

To a lesser extent, we sell our products directly to customers, which primarily consist of long-term partners established during our early development stages and manufacturers requiring deep customization. We adopted this direct model to facilitate joint product development and market promotion for consumer applications. We continue to maintain these relationships to support specific project requirements and ensure business continuity.

In 2023, 2024 and 2025, the revenue generated from our direct sales customers amounted to RMB3.7 million, RMB6.2 million and RMB6.9 million, respectively, accounting for approximately 1.1%, 1.3% and 1.2% of our total revenue in the corresponding year.

Principal Contractual Terms with Direct Sales Customers

The key terms of the framework agreements we enter into with our direct sales customers include the following:

- **Duration.** Typically, a term of one to two years, renewable upon mutual consent.
- **Pricing.** Determined in specific purchase orders.
- **Payment and Credit Terms.** Customers generally prepay before delivery. In limited cases, we may grant a small credit line with a credit period of up to one month.
- **Delivery and Risk Transfer.** We deliver products to customer-designated locations. Risk of loss transfers to customers upon acceptance.
- **Quality and Product Return.** Customers may inspect products upon delivery. We must retrieve and replace non-conforming items within a specified period (e.g., three days).
- **Termination.** Terminable upon mutual agreement or material breach. We are required to provide advance written notice (e.g., one to three months) and obtain customer consent before ceasing supply.

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Customer Service and Technical Support

We are committed to providing high-quality customer service. We work to address and resolve customer system challenges and provide expert guidance in optimizing design to meet specific requirements, ensuring stable operation for their applications.

Pricing

We price our products by considering the following principal factors: (i) cost coverage, including R&D costs, wafer fabrication costs, assembly and testing costs, and a target profit margin; (ii) product performance and specifications, with higher-spec products generally commanding higher prices; (iii) market competition; and (iv) customer-specific factors such as order volume and payment terms. The purchase price of our raw materials, namely the wafers, is one of the most important factors that we consider when developing our pricing strategies. We may also adjust the final pricing based on the specific customer on a case-by-case basis.

We apply differentiated pricing approaches for our standardized and customized chip products. For standardized chips, we set base prices through a structured process involving cost analysis, competitive benchmarking, and cross-departmental review prior to commercial launch. For customized chips, pricing is determined on a project basis, taking into account the scope of development work, expected production volume, and project-specific costs. We have established a Pricing Committee, chaired by our general manager, which reviews and approves base prices for new products and material price adjustments in response to changes in upstream costs, competitive dynamics, technology iterations, or shifts in downstream demand.

The following table sets forth the price ranges of our major product categories during the Track Record Period:

Product Category	Tier	Price Range (USD)*	Industry Average Price Range (USD)*
Video Bridging Chips	≤4K30	1.0–2.1	0.7–2.5
	4K60	1.7–4.5	1.2–5.5
	>4K60	3.3–7.0	2.5–9.0
Video Processing Chips	≤4K30	2.3–2.5	1.2–3.0
	4K60	2.9–3.9	1.8–5.0
	>4K60	7.0–10.5	4.5–14.0
High-Speed Interconnect	3Gbps	0.2–1.8	0.1–2.5
	6Gbps	1.2–3.5	0.8–5.0
	8Gbps	2.4–8.7	1.5–10.0
AI Interconnect Chips	12.5Gbps	3.0–5.0	2.0–7.0

* Based on Track Record Period sales, estimated by the exchange rate of USD1 = RMB7.

According to Frost & Sullivan, based on the industry average price ranges shown in the table above, the unit prices of smart video chips and interconnect chips are among the mid-range in the industry. See “Industry Overview.”

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Sales and Marketing

Our sales and marketing efforts focus on customer engagement, product promotion and brand building. Our sales and marketing department, consisting of 16 members as of December 31, 2025, works closely with our distributors to execute our marketing strategies. Our sales and marketing initiatives are primarily driven by the daily customer interactions of our team, complemented by various promotional activities such as onsite customer visits, participation in trade exhibitions, online product demonstrations, and other online and offline engagements.

OUR CUSTOMERS

Our customers are primarily distributors. During the Track Record Period, our five largest customers in each year together contributed RMB159.5 million, RMB240.4 million and RMB296.9 million of revenues, respectively, accounting for 49.4%, 51.6% and 52.3% of our total revenue, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to RMB53.0 million, RMB64.9 million and RMB97.5 million, respectively, accounting for 16.4%, 13.9% and 17.2% of our total revenue, respectively. All of our five largest customers in each year during the Track Record Period were Independent Third Parties.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our existing major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest customers in each year during the Track Record Period. We typically either require our customers to pay in advance or grant them a credit term, which is generally within one month after the performance obligations have been fulfilled. We settle transactions with our five largest customers through bank transfer.

Rank	Customer	Type of Products/ Services Purchased	Sales Amount	Percentage of Total Revenue	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
<i>For the Year Ended December 31, 2023</i>						
1	Customer A ⁽¹⁾	smart video chips, interconnect chips and others	53,033	16.4	15 to 25 days	2016
2	Customer B ⁽²⁾	smart video chips, interconnect chips and others	30,159	9.3	15 to 25 days	2017
3	Customer C ⁽³⁾	smart video chips, interconnect chips and others	28,241	8.7	15 to 25 days	2017
4	Customer D ⁽⁴⁾	smart video chips, interconnect chips and others	27,067	8.4	15 to 25 days	2015
5	Customer E ⁽⁵⁾	smart video chips, interconnect chips and others	20,995	6.5	15 to 25 days	2016
Total			159,495	49.4		
<i>For the Year Ended December 31, 2024</i>						
1	Customer A ⁽¹⁾	smart video chips, interconnect chips and others	64,897	13.9	15 to 25 days	2016
2	Customer F ⁽⁶⁾	smart video chips, interconnect chips and others	51,757	11.1	15 to 25 days	2017
3	Customer G ⁽⁷⁾	smart video chips, interconnect chips and others	46,428	10.0	Paid in advance	2021
4	Customer B ⁽²⁾	smart video chips, interconnect chips and others	39,874	8.6	15 to 25 days	2017
5	Customer D ⁽⁴⁾	smart video chips, interconnect chips and others	37,446	8.0	15 to 25 days	2015
Total			240,402	51.6		

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Rank	Customer	Type of Products/ Services Purchased	Sales Amount	Percentage of Total Revenue	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
<i>For the Year Ended December 31, 2025</i>						
1	Customer H ⁽⁸⁾	smart video chips	97,453	17.2	Paid in advance	2024
2	Customer A ⁽¹⁾	smart video chips, interconnect chips and other	63,703	11.2	15 to 25 days	2016
3	Customer F ⁽⁶⁾	smart video chips, interconnect chips and other	58,311	10.3	15 to 25 days	2017
4	Customer D ⁽⁴⁾	smart video chips, interconnect chips and other	50,026	8.8	15 to 25 days	2015
5	Customer C ⁽³⁾	smart video chips, interconnect chips and other	27,417	4.8	15 to 25 days	2017
Total			296,910	52.3		

Notes:

- (1) Customer A is headquartered in Chinese Mainland and engages in the distribution of electronic components and provision of design chain services, supply chain collaboration and supporting services, and industry data services.
- (2) Customer B is headquartered in Chinese Mainland and engages in agency and distribution of electronic components.
- (3) Customer C is headquartered in Chinese Mainland and engages in the distribution of electronic components.
- (4) Customer D is headquartered in Hong Kong, China and engages in the distribution of electronic components.
- (5) Customer E is headquartered in Chinese Mainland and engages in the provision of technical services in advanced industrial fields, offering electronic component supply chain services and embedded system solutions.
- (6) Customer F is headquartered in Chinese Mainland and engages in the provision of technical solutions and value-added semiconductor supply chain services for customers in the automotive electronics and industrial applications markets.
- (7) Customer G is headquartered in Chinese Mainland and engages in system integration, operation maintenance, and technology consulting and training.
- (8) Customer H is headquartered in Chinese Mainland and engages in sales of EV battery-swap facilities, communication equipment, and computer hardware and software.

During the Track Record Period, we generated a significant share of our revenue from our top five customers, all of which were distributors. We expect to continue to generate a significant portion of revenue from our major customers. We have generally maintained long-term and stable collaboration relationships with our major customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with any of our five largest customers in each year of the Track Record Period.

The following table sets forth certain key operating metrics relating to our customer base for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Number of customers⁽¹⁾	42	49	40
— Distributors	36	44	35
— Direct customers	6	5	5
Customer retention rate (%)⁽²⁾	71.2	81.0	71.4

Notes:

- (1) Represents the number of customers that transacted with us during the relevant period.
- (2) Calculated as the number of customers from the prior year/period that continued to transact with us during the current year/period, divided by the total number of customers in the prior year/period.

We had 42, 49 and 40 customers in 2023, 2024 and 2025, respectively, with our customer retention rate fluctuating between 71.2% and 81.0%. These fluctuations primarily reflected our ongoing optimization of our distributor network to concentrate resources. For details, see “— Sales, Marketing and Distribution — Our Distribution Channels — Overview.”

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Overlapping Customers and Suppliers

During the Track Record Period, two of our top five customers in each year during the Track Record Period were also our suppliers. Customer C, one of our top five customers in 2023, was also our supplier in each year during the Track Record Period for consumables used in R&D activities. Our total purchases from Customer C during the Track Record Period amounted to RMB8.2 thousands, excluding tax. Customer D, one of our top five customers in 2023, 2024 and 2025, was also our supplier in 2024 and 2025 for consumables used in R&D activities. Our total purchases from Customer D during the Track Record Period amounted to RMB13.9 thousands, excluding tax. According to Frost & Sullivan, it is in line with industry practice for a company to have both sales to and purchases from the same customer/supplier. Such purchases from Customer C and Customer D were immaterial, together representing less than 0.01% of our total purchases during the Track Record Period.

During the Track Record Period, our sales to and purchases from our overlapping customers and suppliers were not related to or inter-conditional upon each other. The raw materials we purchased from the overlapping customers or suppliers mentioned above were not resold back to them, nor vice versa. Negotiations of the terms of our sales to and purchases from the overlapping customers or suppliers mentioned above were all conducted on an individual basis. For the overlapping supplier-customers, the key terms of our sales and supply agreements were substantially similar to those of our other customers or suppliers and are in line with market practice. Our Directors confirmed that all of our sales to and purchases from the overlapping customers or suppliers mentioned above were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. Save as disclosed, to the best of our knowledge, none of our major customers during each period of the Track Record Period was a supplier of ours and vice versa.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of December 31, 2025, we had 122 granted patents in China, including 102 invention related patents and 20 utility model patents. As of the same date, we also had 45 patents granted overseas, including the U.S. and Japan and, to the best knowledge of our Directors, all of our overseas patents were valid and undisputed. As of the same date, we had 160 software copyrights and 35 registered trademarks in China, and 10 registered trademarks overseas. We also had various applications for patents in China and overseas.

We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-ownership or co-sharing arrangements of our patents and patent applications with third parties.

We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and unfair competition laws and contractual rights, such as confidentiality agreements, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in the agreements we enter into with our employees and business partners. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to claims by third parties for intellectual property infringement” in this document for further details.

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QUALITY CONTROL

Quality Control Management

As a fabless design company, we have implemented a comprehensive quality assurance system that spans the entire chip development lifecycle, covering design, supply chain oversight, New Product Introduction (NPI), and mass production. Our quality management framework is ISO 9001 certified and aligns with the stringent IATF 16949 standards for automotive-grade products, ensuring we consistently deliver reliable and outstanding products to our end customers.

We actively adopt advanced standards to meet stringent automotive and security requirements. One of our major products has achieved ASPICE (Automotive Software Process Improvement and Capability Determination) Level 2 assessment. Furthermore, we are actively integrating ISO 26262 (Road Vehicles — Functional Safety) and ISO 27001 (Information Security Management) standards into our operations, reinforcing our commitment to safety and security in mission-critical applications.

As of December 31, 2025, we had five dedicated quality control personnel with high academic and industry credentials. All members hold bachelor’s or master’s degrees from “Double First-Class” universities or other prestigious institutions. The majority of them had over five years of work experience in the chip development industry. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issues.

R&D Activities

In the R&D stage, we implement stringent procedures as part of our quality control framework. See “— Research and Development — R&D Process.” We have a specialized, joint-force R&D quality control team comprising members from our R&D and quality control departments. The team first aligns customer requirements collected by the sales and marketing team with our technologies and solutions to form project plans and conduct feasibility reviews. Afterward, during the chip design process, the R&D members handle tasks such as technical architecture, algorithm, and circuit design, while the quality control members develop and enforce rigorous testing standards. Subsequently, the R&D members conduct simulations, layout design, and validations. Simultaneously, the quality control members oversee comprehensive testing at each stage, including system, parameter, and reliability testing, ensuring that products meet both internal and industry standards. This structured and collaborative approach enables us to deliver products tailored to customer needs.

Supply Chain Quality Control

As a fabless company, our quality control extends to our outsourced manufacturing partners. For details of our supplier selection and assessment criteria, see “Our Suppliers — Supplier Selection and Management”.

During production, we enforce quality controls at each stage of the manufacturing process. Our foundry partners manufacture chips with precision in accordance with our design. Chips then undergo rigorous circuit probing testing to ensure their functionality and performance before proceeding to assembly and testing. The assembly processes include die cutting, wire bonding, and molding to establish electrical connections and provide physical protection for the chips. Final products are subject to thorough functionality, performance, and reliability tests to ensure alignment with design requirements. These multi-step quality assurance measures are vital for maintaining the high standards that our customers expect.

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Certifications

We have a full suite of functional safety processes and obtained the ISO9001 certification for quality management system, ISO14001 certification for environmental management system and ISO45001 certification for occupational health and safety management system.

Product Returns and Warranty

The warranty for our products varies depending on the characteristics of the products sold. We proactively work with our customers after sales to resolve any quality issues. We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. During the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any material product returns, exchanges, complaints or product liability claims from our customers; (ii) we had not received any material complaints relating to product quality; and (iii) we had not experienced any product recalls or accidents due to material product defects.

INVENTORY

Our inventories primarily consist of (i) raw materials, (ii) finished goods, (iii) materials consigned for processing, and (iv) semi-finished goods. Please see “Financial Information — Selected Balance Sheet Items — Inventories.” As of December 31, 2023, 2024, and 2025, our inventories amounted to RMB73.1 million, RMB114.8 million and RMB161.3 million, respectively.

To maintain our competitiveness, align our products with evolving market demand and prevent inventory obsolescence, we have implemented measures to optimize our inventory levels. We proactively track market condition change and maintain safety stock to prepare for unexpected increase in demand or delay, or shortage in supply. We routinely monitor our inventory and ensure that all goods in transit are effectively managed. In 2023, 2024 and 2025, our inventory turnover days were 192.3 days, 160.8 days and 188.4 days, respectively. For further details, see “Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories.”

INFORMATION SECURITY AND DATA PRIVACY

In the course of our business, we collect, store and process data from customers, suppliers and internal systems, primarily consisting of transaction data, technical data and operational data. Data ownership is governed by agreements with counterparties, with internal data owned by us. As we only transact with enterprises, we do not collect or process personal data. We protect data and mitigate data security risks through network & data isolation, data encryption, secure data management protocols, and strict transmission policies.

We have established comprehensive internal control policies in relation to corporate data usage, storage and transmission, covering cybersecurity incident response, customer information management, and confidentiality. For example, we have implemented a Customer Information Management Policy to protect data through clear access levels, firewalls, and regular staff training. Additionally, we have implemented a Network & Information Security Policy to control hardware and data use, requiring intranet-only access, monitored software, and senior approval for any data transfers. Only employees with the appropriate authorization may access sensitive information on a need-to-know basis. Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information.

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We maintain a robust backup system that stores data backup copies both locally and remotely across different locations, and regularly test our data restoration processes to ensure that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances. With respect to cross-border data transmission, we transmit transaction and technical data to overseas customers and suppliers through designated secure channels, such as enterprise emails or designated FTP servers, for business purposes as necessary.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations. During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations relating to data security and privacy in all material aspects, and according to our PRC Legal Adviser, had not been subject to any claim or penalty, or experienced any incident, in relation to breach of cybersecurity or data privacy laws and regulations. During the Track Record Period, substantially all of our revenue and operations were carried out by our subsidiary in the PRC, and our Singapore subsidiary had not commenced substantial operations or generated material revenue. Accordingly, during the Track Record Period and up to the Latest Practicable Date, we were principally subject to the relevant cybersecurity and data security regulations in the PRC.

COMPETITION

We operate in a highly competitive and concentrated industry. We compete with both foreign and domestic peer companies on product performance, technical innovation and cost-efficiency. According to Frost & Sullivan, foreign companies hold a large market share of the global market. In 2025, the global video bridging chip market was highly concentrated, with the top eight companies collectively accounting for approximately 81.4% of the market share. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

The following table sets forth a comparison of our products with those of our major competitors in terms of key specifications, pricing, applications, and downstream customers:

	The Company	Competitors
Smart Video Chips		
— Video bridging	Up to 8K@60Hz, 12Gbps/lane; HDMI/DP/USB-C/MIPI/LVDS/VGA compatibility; Combo interface (HDMI/DP, MIPI/LVDS); integrated MCU and CC controller	Up to 4K@60Hz, 12Gbps/lane; HDMI/DP/USB-C/MIPI/LVDS/VGA compatibility; Combo interface (HDMI/DP, MIPI/LVDS); integrated MCU and CC controller
— Video processing	Up to 8K; Local Dimming, HDR, FRC, DSC, scaler, 3D-LUT	Up to 8K; Local Dimming, HDR, FRC, DSC, scaler, 3D-LUT
Pricing (USD)*	1.0–10.5	1.0–30.0
Interconnect Chips		
— High-speed signal	Up to 8Gbps	Up to 20Gbps
— AI interconnect.	Up to 32GT/s (under development); PCIe/CXL/SATA compatibility	Up to 32GT/s; PCIe/CXL/SATA compatibility
— Automotive SerDes.	AEC-Q100 (5 models); proprietary ADP protocols	AEC-Q100 (over 50 models); FPD-Link protocols
Pricing (USD)*	0.2–8.7	1.0–35.0
Application	Intelligent vision terminals, smart vehicles, AR/VR, AI & HPC	Intelligent vision terminals, smart vehicles, AR/VR, AI & HPC

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	The Company	Competitors
Downstream customers.	Consumer electronics OEMs, automotive OEMs and Tier-1 suppliers, AR/VR device manufacturers, telecom equipment manufacturers	Consumer electronics OEMs, automotive OEMs and Tier-1 suppliers, AR/VR device manufacturers, telecom equipment manufacturers, cloud service provider, server manufacturer
Cost control.	100% self-developed IP in mass production; ClearEdge design reuse (reduces development time); dual-track foundry supply (domestic and overseas)	Design reuse; platform-scale deployment; long product lifecycle management

* Based on Track Record Period sales, estimated by the exchange rate of USD1 = RMB7.

Our products generally deliver higher video resolution and broader compatibility than mainstream competitors, enabling superior visual experiences. Furthermore, all of our mass-produced chips are based on self-developed IP, which minimizes third-party licensing costs. Our ClearEdge platform reduces per-product development costs by enabling reuse of proven circuit designs across over 200 chip models and portability across foundry nodes with minimal modification. For a detailed analysis of the competitive landscape, see “Industry Overview.”

EMPLOYEES

All of our employees were based in China during the Track Record Period. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	Number	Percentage
R&D	192	75.0
Administration	39	15.2
Sales and Marketing	16	6.3
Testing.	9	3.5
Total	256	100.0

We recruit employees primarily through various means including referrals, headhunters, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. We and our employees enter into standard individual employment contracts covering salary, bonuses, benefits, confidentiality obligations, non-compete clauses, work product and intellectual property transfer clauses and reasons for contract termination. We generally enter into non-compete agreements, which typically include confidentiality obligations that remain effective during employment and after its termination, as well as non-compete clauses that are enforceable for up to two years during and after the termination of employment, with certain key managers and professionals.

Our employees receive salary and bonuses determined by seniority, performance appraisal and term of service. We also provide share incentives and promotion opportunities. We are committed to providing a safe working environment and career development opportunities for our employees.

As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. During the Track Record Period and as of the Latest Practicable Date, we made full contributions to the housing

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provident funds but did not make full contributions to the social insurance for certain employees based on their actual wages. The shortfall in social insurance contributions amounted to approximately RMB2.3 million, RMB3.0 million and RMB3.9 million in 2023, 2024 and 2025, respectively.

As advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, the under-contribution of social insurance may subject us to a daily overdue charge of 0.05% of the delayed payment amount, and if such payment is not made within the stipulated period, the competent authority may impose a fine of one to three times of the overdue amount. Based on the shortfall amounts above, the maximum potential penalty would be approximately RMB6.9 million, RMB9.0 million and RMB11.7 million, in 2023, 2024 and 2025, respectively. For details of the applicable PRC laws and regulations, see “Regulatory Overview — Laws and Regulations Concerning Employment, Social Insurance, and Housing Provident Fund.”

As advised by our PRC Legal Adviser, the risk of us being subject to active collection or penalized for such under-contribution is remote, provided that (i) there are no material changes in the applicable laws, regulations and local enforcement and supervision policies, and (ii) no mass employee complaints, litigation or arbitration arise. Furthermore, our Controlling Shareholder has undertaken to indemnify us in full against any payments, penalties or losses we may incur in the event that we are required by the relevant authorities to settle the underpaid amounts. Based on the above, we had not made provision for the shortfall in our social insurance contributions during the Track Record Period.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Headquartered in Hefei, Anhui Province, we own and lease certain properties in China in connection with our business operation. As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

Lands

As of the Latest Practicable Date, we had the right to use one parcel of land in China, with an aggregate gross site area of approximately 29.1 thousand square meters, which was primarily for R&D centers. As of the Latest Practicable Date, we had obtained the relevant land use right certificate for the land parcel, and we had not received any claims from third parties disputing the ownership of such land.

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Buildings

As of the Latest Practicable Date, we owned 55 properties, comprising six buildings and 49 parking spaces, in China with an aggregate gross floor area of approximately 12.1 thousand square meters, which were primarily for R&D center and office space purposes, and we had obtained the building ownership certificates for all of our owned properties.

Lease Properties

As of the Latest Practicable Date, we leased 10 properties across China, with an aggregate gross floor area of approximately 1.5 thousand square meters, which were primarily for research and development, office and employee dormitory purposes.

As of the Latest Practicable Date, we had not completed lease registration filing for one of the leased properties in China with a gross floor area of approximately 28 square meters, primarily due to the difficulty of procuring the relevant landlord’s cooperation to register the lease. This property is used for internal catering purposes. As of the Latest Practicable Date, in relation to the leased property that had not completed lease registration or lease registration modification, we have not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. As advised by our PRC Legal Adviser, the absence of registration will not affect the validity of the lease agreement, nor materially and adversely affect our operations.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. We take out social insurances for our employees working in China, including pension insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance. We also maintain commercial insurances including personal accident insurance and employer liability insurance for retired rehired personnel and part-time staff and vehicle insurance to our owned vehicles.

In line with general market practice, we do not maintain any business interruption insurance, key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems, which are not mandatory under PRC laws. See “Risk Factors — We may not have sufficient insurance coverage to cover our potential liability or losses.” We believe that our existing insurance coverage is adequate for our business operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

ESG Management and Objectives

We consistently prioritize environmental, social and governance (ESG) management as a strategic priority for our long-term and steady development, and we have integrated ESG concepts into our governance structure and business decision-making.

In terms of ESG governance, we have established a three-tier management structure comprising the Board of Directors, the Strategy Committee and the ESG Working Group. The Board of Directors serves as the highest decision-making body for our ESG matters, responsible for reviewing and approving our ESG strategic planning and related work plans, governance framework, policies and ESG reports. The Strategy Committee functions as the management-level body, responsible for monitoring ESG-related trends and policy developments, supervising and evaluating the implementation of ESG

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work, and providing recommendations to the Board of Directors on ESG matters. The ESG Working Group implements ESG strategies, prepares ESG reports, organizes training, and reports to the Strategy Committee.

Product Responsibility

We comply with the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other applicable laws and regulations. We have established internal policies such as Chip Design Procedure, the Contract Manufacturer Management Specification, the Compliance Evaluation Management Procedure, the Production Part Approval Procedure and the After-sales Service Regulations, covering project initiation, design, production, delivery and after-sales services. For details of our quality control procedures, see “— Quality Control.” During the Track Record Period and up to the Latest Practicable Date, there were no recorded customer complaints related to product quality.

We have established the Intellectual Property Management Procedure and the Customer Property Management Procedure, which classify and manage technical documents, customer information and cooperation materials while strengthening information security through non-disclosure agreements. We have also developed the Green Product Control Procedure, to identify and control the environmental attributes of products, ensuring compliance with national and customer environmental standards.

Employee Development

We formulate and implement internal systems such as the Human Resources Management System, the Employee Conduct Management Code, and the Welfare Management System to ensure standardized management of recruitment, employment, and career development. For details of our employee recruitment and remuneration, see “— Employees.” We uphold the principle of equal employment, ensuring that there is no discrimination based on gender, ethnicity, religion, or marital status in recruitment, promotion, or compensation. In terms of training and development, we have established a systematic framework that includes induction training, job-specific skills training, and management capability enhancement at multiple levels.

Occupational Health and Safety

We have established workplace safety and occupational health management systems that define safety and hygiene requirements for the office environment and outline basic procedures for managing employees’ occupational health. In accordance with legal requirements, we organize regular health examinations for employees. Additionally, we disseminate safety and health information through office systems and meetings to enhance employees’ awareness of self-protection and safety. We have obtained ISO 45001 certification for occupational health and safety management. See “— Quality Control — Certifications.”

Sustainable Supply Chain

We have implemented internal policies such as the Supplier Selection, Evaluation, and Management Procedures and the Assembly and Testing Outsourcing Management Procedures to govern supplier admission, evaluation, and ongoing supervision. For details, see “— Supply Chain Management.”

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Community Contribution

We actively fulfill our corporate social responsibilities, upholding the principle of “giving back to society through concrete actions”. We have consistently donated to the Ningguo Yanjin Education Foundation in Xuancheng, aimed at enhancing teaching conditions and providing support for students in rural schools. In 2023, we donated RMB1.0 million to support free lunches for rural students, provide student grants, and improve school facilities. In 2024, we further contributed RMB500,000 to the same foundation, promoting the overall development of rural students.

Anti-Corruption

We adhere to the principles of integrity and standardized operations while complying with relevant laws and regulations. We have implemented the Integrity and Clean Practice Management System, which defines conduct requirements and prohibits behaviors for employees while performing their duties. A majority of our employees have signed a Commitment to Integrity and Self-Discipline upon joining us and undergo systematic anti-corruption and professional ethics training during onboarding. Furthermore, we have established an anti-corruption control system encompassing policy establishment, process supervision, and accountability. We conduct internal audits, compliance inspections, and system reviews to identify potential integrity risks in key positions and business processes. In addition, we have set up diverse reporting and complaint channels, including email, written letters, and face-to-face communication, to protect the information security and lawful rights of whistle-blowers. For high-risk positions, we strengthen pre-approval and in-process review mechanisms, incorporating integrity requirements into departmental management and performance appraisals. Additionally, we promote regular anti-corruption training and conduct specialized programs for management and the Board. As of December 31, 2025, we had not received any reports of corrupt conduct and had not been involved in any litigation related to corruption or bribery.

Green Operations

Environmental Management and Targets

As a fabless chip design company, we are primarily engaged in research and development and office-based activities. Consequently, our environmental impact during operations is relatively low. Our environmental management measures cover energy efficiency in office and R&D activities, paperless office practices and resource conservation, and waste categorization, reduction, and recycling. Hazardous waste is handled by qualified entities following the Solid Waste Management Regulations. During the Track Record Period, our resource consumption, waste generation and emissions did not exhibit material fluctuations.

Using 2025 as the baseline year, we have formulated phased environmental targets covering energy, water resources, waste, and greenhouse gas emissions:

- **Energy:** By 2026, we shall reduce comprehensive energy consumption intensity by 2% compared to 2025.
- **Water Resources:** By 2026, we shall reduce water consumption intensity by 2% compared to 2025, with 100% compliance in wastewater discharge.
- **Waste Management:** By 2026, we shall maintain a 100% compliant disposal rate for waste.
- **Greenhouse Gas Emissions:** By 2026, we shall reduce greenhouse gas emission intensity by 2% compared to 2025.

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Addressing Climate Change

We actively respond to global climate governance initiatives by integrating low-carbon and sustainable principles into all aspects of our R&D, supply chain collaboration, and daily operational management.

We have identified two major opportunities in products and markets as well as financing brought by climate change:

Opportunity Type	Opportunity	Potential Influence	Response Measure
Products and Markets . . .	Low-carbon products and services	Increasing demand for high-efficiency, low-loss, and high-speed interconnect chips emphasizing system-level energy saving	Continuously optimize signal-transmission architecture and chip design to improve system energy efficiency and reduce downstream energy consumption; promote standardized certification for product energy efficiency and reliability
Financing	Green-finance support	Green-industry orientation brings opportunities for green credit, low-carbon funds and sustainable-investment opportunities for enterprises with energy-saving and energy-efficiency optimization capabilities	Enhance cooperation for supply chain decarbonization, improve credit ratings within the system, actively engage in green projects and sustainable financing channels, and attract responsible investors

Based on the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises (2022 Revision) issued by the Ministry of Ecology and Environment of the PRC, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2021), we have established a greenhouse gas emissions management framework covering the full process from analysis and identification of emission sources to data collection, accounting and measurement, as well as target setting. From an emission source identification perspective, as a fabless semiconductor company, our greenhouse gas emissions mainly arise from non-manufacturing operational activities. Our Scope 1 greenhouse gas emissions primarily include direct emissions from the use of company vehicles. Our Scope 2 emissions mainly include indirect emissions from externally purchased electricity and water consumed in office operations. Our Scope 3 emissions consist of other indirect emissions generated in the course of our business activities, including emissions associated with our products, employees and other value-chain-related activities.

Based on the identified emission sources, we conducted a comprehensive carbon inventory and statistical assessment and measured our greenhouse gas emissions. In 2025, our total greenhouse gas emissions were 7,898.6 tonnes of CO₂e, which included 6.9 tonnes of Scope 1 emissions, 875.8 tonnes of Scope 2 emissions and 7,015.8 tonnes of Scope 3 emissions, resulting in a greenhouse gas emission intensity of 13.9 tonnes of CO₂e per million RMB of revenue. According to Frost & Sullivan, Scope 3 greenhouse gas emissions are disclosed using different statistical scopes across companies, and among companies with disclosure approaches similar to ours, namely those covering the full lifecycle across

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upstream and downstream segments of the value chain, greenhouse gas emission intensity levels are generally observed in the range of 10-20 tonnes of CO₂e per million RMB of revenue, indicating that our emission intensity is consistent with industry standards.

Scope 1 emissions mainly relate to company vehicles and did not exhibit material fluctuations during the Track Record Period, with only a slight increase primarily due to the higher frequency of company vehicle use in line with our daily business operations. Scope 2 emissions mainly arise from externally purchased electricity and water used in office and R&D areas, and increased from 553.6 tonnes of CO₂e in 2023 to 875.8 tonnes of CO₂e in 2025, primarily due to the expansion of our business operations, increase in employee headcount, and higher frequency of office and R&D activities, which led to higher electricity consumption for office premises, R&D equipment, testing devices, servers, lighting and air-conditioning systems. Scope 3 emissions mainly relate to employee business travel and upstream and downstream lifecycle emissions of our products. As a fabless chip design company, our direct operational emissions remained limited, while a substantial portion of our greenhouse gas emissions arose indirectly from value-chain activities associated with our products. During the Track Record Period, Scope 3 emissions increased from 3,697.5 tonnes of CO₂e in 2023 to 7,015.8 tonnes of CO₂e in 2025, representing the primary driver of the increase in our total greenhouse gas emissions. Such increase was mainly attributable to the growth in our product sales volume and the corresponding increase in value-chain activities. In particular, as our product sales volume increased, our demand for outsourced wafer fabrication, assembly and testing services, logistics and other product lifecycle-related activities also increased, and the greenhouse gas emissions generated from such upstream and downstream activities were accounted for as Scope 3 emissions. Considering that our greenhouse gas emission intensity remained relatively stable during the Track Record Period, the increase in our absolute greenhouse gas emissions was primarily driven by the expansion of our business scale, growth in product sales volume and increase in corresponding outsourced production and value-chain activities, rather than a material deterioration in our emission efficiency.

	Year Ended December 31,		
	2023	2024	2025
Greenhouse Gas Emissions (tonnes of CO ₂ e)	4,255.1	5,811.9	7,898.6
Scope 1 — Direct Greenhouse Gas Emissions (tonnes of CO ₂ e)	4.0	5.2	6.9
Scope 2 — Indirect Greenhouse Gas Emissions (tonnes of CO ₂ e)	553.6	646.7	875.8
Scope 3 — Other Indirect Greenhouse Gas Emissions (tonnes of CO ₂ e)	3,697.5	5,160.0	7,015.8
Greenhouse Gas Emission Intensity (tonnes of CO ₂ e per RMB million revenue)	13.2	12.5	13.9

Based on the above carbon inventory results, we have conducted targeted data analysis and established phased emission reduction targets with 2025 as the baseline year. According to Frost & Sullivan, the methodology and target-setting approach adopted are consistent with prevailing industry practices. Our short-term target is to reduce greenhouse gas emission intensity by 2% by 2026, and our medium- to long-term target is a 10% reduction by 2030.

Looking ahead, we will enhance our greenhouse gas emission management system, gradually establish a carbon emissions monitoring and information disclosure mechanism, and promote energy-saving upgrades and green office initiatives.

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Waste Management

We comply with national and local regulations, and have established the Provisions on Solid Waste Management. These provisions govern waste classification, collection, storage, and disposal. In our daily operations, we primarily generate office waste, electronic waste, and a small amount of hazardous waste. We employ a “source classification, designated disposal points, and unified removal” mechanism. Classified containers are placed in office areas, and we engage qualified institutions for regular recycling and removal to ensure proper waste disposal. For electronic waste, such as discarded computers, servers, and electronic components, we entrust specialized institutions for standardized dismantling and treatment.

Waste chemicals, experimental samples, and related packaging generated from research and testing activities are stored in dedicated sealed containers, monitored with regular registration and removal, and treated harmlessly by third-party institutions with hazardous waste operating permits, in accordance with regulatory requirements. We maintain comprehensive records and ledger inspections for hazardous waste management to ensure data authenticity and traceability.

In 2023, 2024 and 2025, we achieved a 100% compliant waste disposal rate, and waste generation did not exhibit material fluctuations during the Track Record Period. Based on this accomplishment, and using 2025 as the baseline year, we have set phased management targets requiring that, by 2026 and through 2030, the compliant disposal rate for both general waste and hazardous waste remains at 100%. In particular, for hazardous waste generated from research and testing activities, we aim to ensure that 100% of such hazardous waste is handled by qualified third-party institutions with hazardous waste operating permits and covered by registration records and management ledgers to ensure traceability. We will also continue to promote source classification, recycling and reduction of office waste in line with our daily operations.

Resource Management

Our energy consumption primarily originates from electricity used in office and R&D activities. In 2025, the total energy consumption amounted to 378.5 tonnes of standard coal, resulting in an energy consumption intensity of 0.7 tonnes of standard coal per RMB one million of revenue. We seek to reduce energy consumption through measures including LED lighting, optimized air-conditioning settings, and energy-saving training.

Our daily water usage is mainly derived from office and R&D activities. In 2025, the total annual water consumption was 2,506.5 cubic meters. We reduce water waste through sensor-activated faucets and conducting regular inspections of water supply systems.

During the Track Record Period, the increase in our total energy consumption was primarily attributable to the increase in externally purchased electricity consumption. As our business operations expanded, our employee headcount increased, and the number and frequency of R&D projects, office operations and testing-related activities grew correspondingly, leading to higher electricity usage for office premises, R&D equipment, testing devices, servers, lighting and air-conditioning systems. As a fabless chip design company, we do not operate energy-intensive manufacturing facilities, and therefore the increase in energy consumption was mainly driven by the expansion of our office and R&D activities rather than any material change in our business model. Our energy consumption intensity remained relatively stable during the Track Record Period, indicating that the increase in total energy consumption was primarily attributable to the growth of our business scale rather than a material deterioration in energy efficiency.

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	For the Year ended December 31,		
	2023	2024	2025
Total Water Consumption (cubic meters)	2,697.6	2,453.6	2,506.5
Total Energy Consumption (tons of standard coal).	237.2	279.4	378.5
Energy Consumption Intensity (tons of standard coal per million RMB revenue). . .	0.7	0.6	0.7

Using 2025 as the baseline year, we have established phased resource consumption targets. By 2026, we aim to reduce our energy consumption intensity and water consumption intensity by 2% compared to 2025, and by 2030, we aim to reduce both energy consumption intensity and water consumption intensity by 5% compared to 2025. To achieve these targets, we will continue to optimize electricity consumption in office and R&D areas, promote energy-saving lighting and equipment, improve air-conditioning management, strengthen employee awareness training and conduct regular inspections of water supply systems.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any legal, arbitral or administrative proceedings that would have a material adverse effect on our business, financial conditions and operations, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings 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. See “Risk Factors — We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.”

As of the Latest Practicable Date, we had a labor dispute with Mr. Li Gaofeng (“**Mr. Li**”), a former employee who served as an administrative assistant at Shenzhen Lontium prior to his departure in July 2020. The share option provisions in Mr. Li’s historical offer document prescribed that Mr. Li would be granted certain share options of our Company upon completion of relevant anniversary year during a period of five years. The provisions in the historical offer document were general and conceptual in nature, lacking specific terms for execution and performance. Nevertheless, Mr. Li claimed entitlement to share options pursuant to such offer. In April 2023, Mr. Li initiated an arbitration claiming approximately RMB10.6 million, which was dismissed. Mr. Li subsequently filed a lawsuit with a court in Shenzhen and increased his claim to RMB100.0 million. In November 2025, the court of first instance dismissed all of Mr. Li’s claims. Mr. Li has filed an appeal, and the case has progressed to the second-instance proceedings. The second-instance court has held a hearing in respect of the case. The case remains under adjudication, and the judgment is pending as of the date of this document.

Our PRC Legal Adviser is of the view that the risk of our Group receiving adverse ruling under the lawsuit and being liable for the claimed damages is remote, considering that (a) according to the civil judgment issued by the Guangdong Province Shenzhen Longgang District People’s Court (廣東省深圳市龍崗區人民法院), the option-related provisions in the historical offer documents do not constitute a legally enforceable agreement because the provisions failed to specify essential terms, including exercise price, vesting conditions and exercise period; and (b) the historical offer document did not provide that Mr. Li was entitled to convert any alleged share options into cash.

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In addition, our Controlling Shareholder, Mr. Chen, has provided an undertaking to indemnify the Company against any losses arising from this dispute. Accordingly, we have not made any provision for this dispute as we believe that this dispute will not have a material adverse effect on our business, financial condition and results of operations. Based on our PRC Legal Adviser’s view and the indemnify undertaking provided by Mr. Chen, our Directors are of the view that the dispute will not have a material adverse impact on our business operation and financial performance. Based on the PRC Legal Adviser’s view, the indemnify undertaking provided by Mr. Chen, the Directors’ view, as well as the independent due diligence work that it has performed, nothing has come to the attention of the Sole Sponsor that would make it disagree with the Directors’ view regarding the dispute. As advised by our PRC Legal Adviser, other than the dispute with Mr. Li, as of the Latest Practicable Date, no current or former employees had initiated similar proceedings against the Group.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations. During the same period, as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties imposed by relevant regulatory authorities for material breaches of applicable laws and regulations. See “Regulatory Overview” for more information about the laws and regulations applicable to us.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting, and general compliance.

Internal Control System

Our risk management policies cover all key aspects of our operations. Our Audit Committee of the Board is responsible for overseeing risk management and internal control. Our senior management team and internal audit department are responsible for the day-to-day implementation of these internal control procedures. We also conduct regular reviews of our policies and procedures to ensure compliance with regulatory requirements and business objectives.

Financial Reporting Risk Management

Our accounting policies cover financial asset management, budgeting and financial statement preparation, as well as accounting record management. We have implemented a multilayer review mechanism, including segregation of duties, approval hierarchies and automated accounting systems, to enhance the integrity of financial data. To prevent fraudulent reporting, our finance department conducts regular internal audits and engages independent external auditors to assess financial reporting risks. The finance department also evaluates internal controls, monitors compliance with accounting policies and ensures transparency in financial disclosures. In addition, we adopt advanced data security measures to safeguard financial data against unauthorized access and cyber threats.

Information Systems and Data Security Risk Management

To prevent data leakage and loss, we have implemented a structured IT governance framework to manage cybersecurity risks, data privacy and system reliability. Our core business systems include OA, ERP, CRM, BI, SMES and other IT systems, which are integrated to ensure data flow and operational efficiency. Our data protection policies are designed to prevent unauthorized access and safeguard

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sensitive information. For details of our information systems and data security measures, see “— Information Security and Data Privacy.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data breaches, information losses, or cybersecurity incidents.

Compliance Risk Management

We have established rigorous internal procedures to ensure that our operations comply with applicable laws and regulations. Our legal team monitors changes in the regulatory framework and making necessary adjustments to our internal policies and procedures. Before entering into contracts with customers, suppliers or third parties, we conduct thorough due diligence. Our compliance framework includes regular training programs, internal audits and monitoring to ensure adherence to relevant laws and company policies. For details of our compliance and anti-corruption training and whistleblowing mechanisms, see “— Environmental, Social and Governance — Anti-Corruption.” During the Track Record Period and up to the Latest Practicable Date, no material compliance issues or violations were identified.

CERTIFICATES, APPROVALS AND PERMITS

We are required to obtain or maintain various certificates, permits and approvals to operate our business. We believe that we have obtained all requisite certificates, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. As advised by our PRC Legal Adviser, throughout the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite certificates, approvals and permits from relevant government authorities that are material to our business operations in China. We are required to renew such certificates, approvals and permits from time to time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the certificates, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The table below sets forth our material certificates, approvals and permits as of the Latest Practicable Date.

Holder	Certificates/Approval/Permit	Granting/Filing Authority	Validity Period
The Company	Customs Declaration Entity Registration Certificate (報關單位備案證明)	Luzhou Customs of the PRC (中華人民共和國廬州海關)	Permanent
Shenzhen Lontium	Customs Declaration Entity Registration Certificate (報關單位備案證明)	Fuzhong Customs of the PRC (中華人民共和國福中海關)	Permanent

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received.

Award/Recognition	Award Year	Awarding Institution/Authority
Nationally-encouraged integrated circuit design enterprise under key state-supported development initiatives (國家重點鼓勵的集成電路設計企業)	2021	National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Finance, General Administration of Customs, and State Taxation Administration (國家發展改革委、工信部、財政部、海關總署、稅務總局)

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Award/Recognition	Award Year	Awarding Institution/Authority
High and New Technology Enterprise (高新技術企業) . .	2023	Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance and Anhui Provincial Taxation Bureau of the State Taxation Administration (安徽省科學技術廳、安徽省財政廳、國家稅務總局安徽省稅務局)
Top 100 Enterprises in Anhui Province by R&D Intensity (安徽省研發強度百強企業).	2023	Anhui Provincial Department of Science and Technology, Anhui Provincial Bureau of Statistics (安徽省科技廳、安徽省統計局)
STAR Market Value 50 (科創板價值50強)	2025	China Media Group Shanghai Station, China Media Group Finance Program Center and Shenwan Hongyuan Research (中央廣播電視總台上海總站、中央廣播電視總台財經節目中心及申萬宏源證券研究所)

IMPACT OF THE U.S. TARIFFS

As we had not engaged in direct exports to the United States and have no plans to commence such exports in the future, changes in U.S. tariff policies have had minimal direct impact on our business operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

As we have seller-buyer relationships with our distributors and we do not have any U.S.-based distributors, any resale of our products into the U.S. market by distributors is at such distributors’ discretion, and we do not direct or control the ultimate destination of products after sale. Tariff duties and related liabilities in such cross-border transactions are contractual matters solely between the distributors and their respective customers, and do not give rise to any material adverse impact on our business, financial condition, or results of operations.

Notwithstanding the foregoing, to the extent that our distributors, end customers or other participants in the supply chain resell our products into the U.S. market, or incorporate our products into finished goods that are subsequently sold into the U.S. market, changes in U.S. tariffs or trade policies may increase the costs of such products or finished goods, reduce their competitiveness in the U.S. market, or otherwise affect the purchasing decisions, inventory planning, demand forecasts or overall business performance of such distributors, end customers or supply chain participants. As a result, their demand for our products may be adversely affected, which could in turn have an indirect impact on our business.

However, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims or demands from distributors requesting us to bear, subsidize, or reimburse U.S. import tariffs, nor have we experienced any material order cancellations, supply chain disruptions, or operational interruptions attributable to changes in U.S. tariff policies or related trade measures.

In addition, the Group had historically procured certain U.S.-origin equipment which was not subject to any licensing requirement of the BIS to be exported, reexported or transferred to or within China. Throughout 2025, the U.S. government announced several rounds of tariffs on imports from China under the International Emergency Economic Powers Act (“IEEPA”), and China correspondingly adjusted tariff rates applicable to certain U.S.-origin imports in response. Nevertheless, the Group’s procurement of the relevant U.S.-origin equipment had been completed in 2024. Since 2025, the Group

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has not made any additional procurement of U.S.-origin equipment and therefore has not incurred additional tariff costs or experienced any material adverse impact as a result of the changes in U.S.-China tariff policies.

Therefore, our International Sanctions Counsel is of the view that the potential impact of future changes in U.S. tariff policies on our business operations, financial performance and long-term development outlook will remain limited. We will closely monitor subsequent changes to U.S. tariff and relevant international trade policies, timely assess the potential impacts on our Group and adjust our business strategies to mitigate any potential adverse effects.

IMPACT OF U.S. EXPORT CONTROL AND INTERNATIONAL SANCTIONS

During the Track Record Period and up to the Latest Practicable Date, we procured and used certain U.S.-origin equipment, software and licensed intellectual property in our chip design activities, including protocol analyzers and electronic design automation software. Consequently, the sale of our products may be subject to the Foreign Direct Product rules under the EAR, which restrict transactions with specified parties such as entities on the Entity List designated with footnotes and entities in certain sanctioned jurisdictions (e.g., Russia, Belarus, or Iran). During the Track Record Period and up to the Latest Practicable Date, we did not engage in any such restricted transactions, and we do not intend to do so. During the same period, we did not directly export our products to the United States or any comprehensively sanctioned jurisdictions.

Separately, § 744.6(c) of the EAR, implemented by BIS since October 2022, restricts unlicensed support by U.S. persons for the development or production of certain “advanced-node integrated circuits” at certain PRC-located semiconductor fabrication facilities. “Advanced-node integrated circuits” include logic and memory integrated circuits as defined under § 772.1 of the EAR.

During the Track Record Period and up to the Latest Practicable Date, we are principally engaged in the research, development and design of integrated circuits based on mature process nodes and do not operate semiconductor fabrication facilities. Recently, we engage in the design of a chip to be manufactured through a multi-project wafer process, which meets the definition of an “advanced-node integrated circuit” under the EAR. Moreover, Mr. Chen, our executive Director, Chairman and General Manager, is a U.S. person and a core member of the Group’s technical personnel, primarily responsible for overseeing the Group’s overall operation, management, corporate governance and strategic planning, including high-level technology planning. Mr. Chen does not participate in the day-to-day design, development, verification, fabrication or production activities relating to the Group’s integrated circuit products.

Our advanced-node integrated circuits are currently at the research and development and prototype testing stage. Such integrated circuits are not designed or intended for AI training applications and, based on its expected technical parameters and intended applications, is not expected to be classified under ECCN 3A090.a of the EAR, and is not expected to be subject to the most stringent export control requirements applicable to advanced computing integrated circuits. Based on the current development status of such products and the nature of the relevant transactions conducted to date, we do not expect our current activities relating to advanced-node integrated circuits constitute support for the development or production of certain advanced-node integrated circuits at certain PRC-located semiconductor fabrication facilities. On that basis, as advised by our International Sanctions Counsel, Mr. Chen’s status as a U.S. person does not give rise to any additional BIS licensing requirement in respect of our operations, nor does it adversely affect our compliance with applicable U.S. export control laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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After reviewing relevant transaction information during the Track Record Period and up to the Latest Practicable Date, including, to the extent available, information on the downstream customers of our distributors, our International Sanctions Counsel is of the view that our transactions during the Track Record Period and up to the Latest Practicable Date did not constitute violations of applicable U.S. export control laws and regulations or relevant international sanctions regimes. Accordingly, our Directors believe that our business activities, including Mr. Chen’s involvement in the Group’s operations, are in compliance with applicable U.S. export control laws and regulations and relevant international sanctions regimes, and that such regimes have not had, and are unlikely to have, a material adverse effect on our business, financial condition, or results of operations.

To monitor regulatory developments and to mitigate potential risks associated with international sanctions and export controls, the Group has implemented, and continues to enhance, the following compliance measures:

- (a) Counterparty Screening Controls. The Group has implemented a trade compliance control system embedded within its sales process, requiring sanctions screening of customers and other transaction counterparties at multiple stages of the transaction life-cycle, and providing transaction-specific compliance guidance to relevant business personnel.
- (b) Compliance Review and Risk Classification Mechanism. The Group has adopted internal guidelines on the classification and tiered management of transaction counterparties, which set out standardized review procedures, defined risk categorization criteria and corresponding mitigation or escalation measures.
- (c) Regulatory Monitoring. The Group engages external export control and sanctions advisors to monitor developments in applicable sanctions and export control regimes and to provide updates on relevant international and regional regulatory changes on a periodic basis.

IMPACT OF THE U.S. OUTBOUND INVESTMENT RULE

We design integrated circuits. As advised by our International Sanctions Counsel, our chip design activities only fall into the scope of notifiable-level “covered activities” under the Final Rule, because: (i) our high-speed mixed-signal chips, designed and used primarily for data connectivity and transmission applications, are distinguishable from the high-performance computing chips targeted by ECCN 3A090.a in Supplement No. 1 to 15 C.F.R. Part 774, which controls certain integrated circuits based on specified thresholds for “total processing performance” and “performance density,” and (ii) our chips are not designed for operation at or below 4.5 Kelvin. Consequently, our International Sanctions Counsel is of the view that we are a “covered foreign person” under the Final Rule, and investments by U.S. persons, including the acquisition of our non-public shares, would likely be subject to notification requirements.

However, pursuant to the FAQs (X.4) on the Final Rule issued by the U.S. Department of the Treasury on December 23, 2025, absent additional facts, when a U.S. person acquires an equity interest in a covered foreign person, and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of “publicly traded security exception” under the Final Rule. Therefore, as advised by our International Sanctions Counsel, U.S. investors are exempt from the notification requirements when acquiring our equity publicly traded on the Stock Exchange, except to the extent that the investment affords rights beyond standard minority shareholder protections.

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Accordingly, our Directors and International Sanctions Counsel are of the view that the Final Rule is not expected to have a material adverse impact on the [REDACTED] of our securities on the Exchange. Neither we nor our International Sanctions Counsel are advising [REDACTED] on compliance with the Final Rule. Any [REDACTED] who is uncertain about the Final Rule’s application to its purchase of shares in the [REDACTED] should consult its own counsel.

In addition, as our Chairman is a U.S. person and we are a covered foreign person subject to notification requirements under the Final Rule, our International Sanctions Counsel is of the view that, the notification requirements under the Final Rule will apply under the following circumstances. If Mr. Chen undertakes any transaction with respect to us within the scope of 31 C.F.R. § 850.210, and neither the excepted transaction provisions under 31 C.F.R. § 850.501 nor the national interest exemption under 31 C.F.R. § 850.502 applies to such transaction, such transaction will give rise to a notification requirement for Mr. Chen under the Final Rule.

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The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a recognized fabless high-speed mixed-signal chip design company, dedicated to upgrading data transmission and video processing infrastructure for smart terminals and devices, as well as AI applications. Leveraging our core competencies in (i) SerDes, (ii) high-speed interface protocol processing and data encryption, and (iii) HD video and audio processing and display driver technologies, our products facilitate efficient data processing, transmission, and format conversion among computing, storage, and display units. These include intelligent vision terminals, smart vehicles, AR/VR devices and AI & HPC. By integrating high-definition video processing and display capabilities with intelligent sensing and human-machine interaction technologies, our chips establish a solid technical foundation designed to support on-device AI-powered applications in the future. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

We achieved continuous growth in our financial performance during the Track Record Period. Driven by our business expansion, we recorded revenue of RMB323.1 million and RMB466.0 million and RMB568.2 million in 2023, 2024 and 2025, respectively, with a CAGR of 32.6% from 2023 to 2025. Benefiting from product sales growth and effective cost control, we recorded gross profit margins of 53.6%, 54.3% and 52.9% in 2023, 2024 and 2025, respectively.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations have been and will continue to be affected by the following major factors:

Industry Development and Downstream Demand

The development of the high-speed mixed-signal chip industry is a primary driver of our performance. Our results of operation are affected by the development of this industry and the growth of the downstream industries in which our customers operate.

Driven by the rising downstream demand, advances in technical standards and architectural innovation and supportive government policies, according to Frost & Sullivan, the global market size of smart video chips is expected to increase from RMB111.8 billion in 2026 to RMB143.1 billion in 2030, with a CAGR of 6.4%. The global market size of interconnect chips is expected to increase from RMB213.4 billion in 2026 to RMB490.7 billion in 2030, with a CAGR of 23.1%.

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Through nearly two decades of technological advancement and strategic focus, we have established a market-leading position in the industry. Capitalizing on the growing global demand, we believe our market presence in the industry reinforces our position as a market leader, enabling us to establish long-term partnerships with customers and drive our sustained growth.

Technological Innovation and Development

The smart video chip industry and interconnect chip industry feature rapid technological advancement and frequent product upgrades. To remain agile amid fast-changing market dynamics, we made significant investments in R&D. In 2023, 2024 and 2025, our R&D expenses amounted to RMB74.5 million, RMB100.0 million and RMB113.2 million, accounting for 23.1%, 21.5% and 19.9% of our total revenue, respectively.

Through sustained R&D efforts, we have established a robust R&D platform and developed a competitive advantage. We have created ClearEdge, a technology platform that leverages our core technologies to support flexible, diversified and cost-efficient products. Based on our proprietary technologies, we also established three core value propositions: (i) high-speed, stable, highly compatible, low-latency SerDes technology, (ii) comprehensive coverage of mainstream video signal protocols and active development of other high-bandwidth SerDes interfaces, and (iii) adaptability across diverse application scenarios.

We will continue to invest in proprietary technology development to enhance our product offerings. By investing in emerging technologies, we aim to deliver high-quality, cost-effective solutions that support greater autonomy and long-term value for customers.

Upstream Supply and Production Capacity

We operate under a fabless business model, outsourcing the manufacturing and testing of our chips to leading wafer foundries and assembly and testing providers. Given the concentration of the upstream semiconductor supply chain, we rely on a limited number of key suppliers for wafer fabrication as well as assembly and testing services. During the Track Record Period, we have established long-term and stable relationships with our key suppliers, which enable us to ensure consistent product quality and timely delivery. We believe that maintaining such strategic cooperation is essential to securing high-quality and cost-competitive wafers and services, which in turn are critical to our business operations and financial performance.

However, disruptions in the supply chain, shortages of raw materials or capacity constraints at our wafer foundries or assembly and testing partners could delay production and delivery schedules and drive up procurement costs, which may affect our results of operations. We plan to maintain a stable upstream supply to support our business expansion, sustain operational efficiency, and ensure timely delivery of high-quality products to customers.

Collaborative Ecosystem with Upstream and Downstream Participants

Our ability to establish a mutually beneficial ecosystem through collaboration with upstream suppliers and downstream customers is critical to our results of operations and future growth. Leveraging our technological capabilities, we have established a recognized brand presence in the global market and developed stable relationships with key customers. By delivering high-performance products, we are able to respond effectively to customer needs and drive recurring business through repeat orders and large-scale deployments. We also plan to expand our customer base and broaden our penetration into new markets, which is essential to supporting our sustainable growth and market expansion.

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We are also committed to strengthening our partnerships with leading global suppliers. We collaborate with leading IC foundries and assembly and testing service providers to manufacture and deliver products that meet stringent quality standards. Leveraging dual-track supply chain systems covering both domestic and international sources, we aim to ensure supply chain stability while meeting the diversified requirements of customers in different markets. In the meantime, we engage in deep technical collaboration with our upstream partners by sharing industry insights and enhancing technology exchanges, thereby jointly advancing innovations in key manufacturing technologies. We have deepened our reference design collaborations with global semiconductor leaders such as NVIDIA, Qualcomm, and Intel. Such close cooperation enables us to optimize our R&D processes, improve our responsiveness to market needs and further reinforce our long-term, mutually beneficial relationships with upstream suppliers.

Cost and Inventory Management as well as Operational Efficiency

Our profitability and sustainable growth are affected by our ability to manage costs and inventory effectively and enhance operational efficiency. In 2023, 2024 and 2025, our cost of sales amounted to RMB149.9 million, RMB213.1 million and RMB267.5 million, accounting for 46.4%, 45.7% and 47.1% of our total revenue, respectively. Our cost of sales primarily consists of (i) cost of wafers and (ii) cost of assembly and testing. As a fabless design company, we work closely with third-party suppliers for wafer foundry services as well as assembly and testing services, and the prices of these services are influenced by overall supply-demand dynamics, supplier pricing policies and the scale of our businesses with these suppliers. We coordinate with our third-party suppliers on capacity allocation, production and delivery schedules based on our production plans and product demand. This enables us to optimize our procurement costs, reduce production-related expenses and lower inventory levels, thereby improving our overall cost efficiency. In addition, effective inventory management enables us to ensure timely fulfilment of customer needs while reducing inventory holding costs and associated risks. To this end, we proactively track changes in market conditions and maintain safety stock to prepare for unexpected increases in demand or supply delays. We routinely monitor our inventory and ensure that all goods in transit are effectively managed.

Moreover, our ability to effectively manage our operating expenses would also substantially impact our profitability. Our operating expenses, amounted to RMB110.9 million, RMB139.7 million and RMB158.8 million in 2023, 2024 and 2025, accounting for 34.3%, 30.0%, and 28.0% of our total revenue during the same periods, respectively. Going forward, while we continue to invest in R&D and marketing to support our business growth, we aim to maintain stringent cost control and continuously improve our operational efficiency, thereby improving our gross margin and overall profitability.

Continuous Upgrade and Expansion of Our Product Offerings

Our competitive strength lies in our diverse product offerings that cater to a wide range of customer needs. With nearly two decades of experience, we have built a product portfolio of over 200 chip models that spans from fundamental functional chips to high-end system-level solutions. Our products have been widely applied in various application scenarios, including but not limited to intelligent vision terminals, smart vehicles, AR/VR systems, and AI & HPC platforms.

We continuously advance our product portfolio through technological innovation and platform-based design. Leveraging our proprietary ClearEdge platform, we can rapidly adapt and adjust the functionality of our products to meet diverse customer demands, balancing standardized production with customized solutions. Additionally, our products continue to penetrate into emerging application areas. For example, we have already achieved initial milestones with our in-development AI interconnect chip portfolio, including the successful prototyping of our PCIe to SATA controller. We believe the AI interconnect chips have the potential to contribute to our future growth.

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Looking ahead, we will continue to upgrade and expand our product offerings, expand market penetration of our high-performance products, and create sustainable growth momentum.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss which have been measured at fair value.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the management to make judgements, estimates and assumptions in the process of applying our Group’s accounting policies. Judgements made by the management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants’ Report included in Appendix I to this Document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. For details of our material accounting policies, estimates and accounting judgments, which are important for understanding our financial condition and results of operations, see Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

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RESULTS OF OPERATIONS

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	323,147	100.0	466,003	100.0	568,204	100.0
Cost of sales	(149,876)	(46.4)	(213,149)	(45.7)	(267,532)	(47.1)
Gross profit	173,271	53.6	252,854	54.3	300,672	52.9
Other income and gains, net	44,044	13.6	43,552	9.3	37,138	6.5
Selling and marketing expenses	(9,090)	(2.8)	(11,072)	(2.4)	(10,274)	(1.8)
Administrative expenses	(27,273)	(8.4)	(28,620)	(6.1)	(35,309)	(6.2)
Research and development expenses . . .	(74,527)	(23.1)	(99,969)	(21.5)	(113,248)	(19.9)
Impairment losses on financial assets under the ECL model, net	(139)	(0.0)	(1,490)	(0.3)	(2,217)	(0.4)
Other expenses	(1,006)	(0.3)	(2,270)	(0.5)	(2,075)	(0.4)
Finance costs	(63)	(0.0)	(37)	(0.0)	(12)	(0.0)
Profit before tax	105,217	32.6	152,948	32.8	174,675	30.7
Income tax expense	(2,521)	(0.8)	(8,536)	(1.8)	(2,758)	(0.5)
Profit for the year	102,696	31.8	144,412	31.0	171,917	30.3

Revenue

During the Track Record Period, we primarily generate revenue from the sales and provision of (i) smart video chips, (ii) interconnect chips, and (iii) others, primarily representing revenue from technological services and ancillary components. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart video chips	269,543	83.4	381,387	81.8	473,109	83.3
Interconnect chips	52,154	16.1	73,287	15.7	93,331	16.4
Others ⁽¹⁾	1,450	0.5	11,329	2.5	1,764	0.3
Total	323,147	100.0	466,003	100.0	568,204	100.0

Note:

- (1) Others primarily include revenue from technological services and ancillary components. Technological services include technology licensing and custom chip design services. Ancillary components include printed circuit boards, security keys and other auxiliary chips.

Revenue by Business Line

Smart Video Chips

Comparison between 2024 and 2025. Our revenue from smart video chips increased by 24.0% from RMB381.4 million in 2024 to RMB473.1 million in 2025, primarily due to the increase in the sales volume from 25,584 thousand units in 2024 to 35,816 thousand units in 2025, mainly attributable

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to our continuous launch of new products that received wide market acceptance, especially our new products used for intelligent vision terminals such as smart commercial displays and smart video conferencing systems.

Comparison between 2023 and 2024. Our revenue from smart video chips increased by 41.5% from RMB269.5 million in 2023 to RMB381.4 million in 2024, mainly due to the increase in the sales volume from 17,542 thousand units in 2023 to 25,584 thousand units in 2024, primarily attributable to the sales growth of products used for (i) intelligent vision terminals such as smart video conferencing systems driven by the robust market demand and continuous iteration of downstream video conferencing solutions; and (ii) smart vehicles, driven by (a) increased sales of our existing products used for multiple displays in the cockpit domain, and (b) additional products that received the AEC-Q100 automotive qualification in 2024.

Interconnect Chips

Comparison between 2024 and 2025. Our revenue from interconnect chips increased by 27.4% from RMB73.3 million in 2024 to RMB93.3 million in 2025, mainly attributable to the sales growth of a certain product used for intelligent vision terminal that was launched in 2024 following validations and small-scale testing by our customers.

Comparison between 2023 and 2024. Our revenue from interconnect chips increased by 40.5% from RMB52.2 million in 2023 to RMB73.3 million in 2024, mainly due to the increase in the sales volume from 6,953 thousand units in 2023 to 8,883 thousand units in 2024, primarily attributable to the sales growth of products used for smart vehicles, primarily driven by increased sales of our existing products enabling HUD, as a result of the rising penetration and increasing adoption of HUD in smart vehicles.

Revenue by Application Scenario

The following table sets forth a breakdown of our revenue by application scenario, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Intelligent vision terminals	265,069	82.0	353,449	75.8	432,357	76.1
Smart vehicles	34,954	10.8	84,033	18.0	89,059	15.7
AR/VR	22,366	6.9	22,715	4.9	36,387	6.4
AI & HPC	758	0.3	5,806	1.3	10,401	1.8
Total.	323,147	100.0	466,003	100.0	568,204	100.0

During the Track Record Period, our revenue from all application scenarios generally experienced an upward trend. Our products for intelligent vision terminals remained our largest revenue contributor during the Track Record Period, with its percentage of revenue decreased from 82.0% in 2023 to 75.8% in 2024, primarily due to the relatively faster growth in the revenue generated from the products for other three application scenarios, namely smart vehicles, AR/VR and AI & HPC. The revenue contribution of our products for intelligent vision terminals remained relatively stable at 75.8% in 2024 and 76.1% in 2025. Particularly, the revenue contribution of our products for smart vehicles increased from 10.8% in 2023 to 18.0% in 2024, primarily attributable to (i) the increase in market demand for our products used for smart vehicles, driven by the electrification, intelligence and connectivity of the smart vehicles, which in turn stimulated automotive-related consumption, according to Frost & Sullivan, and (ii) additional products received the AEC-Q100 automotive qualification in 2024. In

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addition, revenue from products for AR/VR increased from RMB22.7 million in 2024 to RMB36.4 million in 2025, with its percentage of revenue increasing from 4.9% to 6.4%, primarily because we established cooperation with certain key customers resulting from our enhanced product quality and growing market recognition of our products.

During the Track Record Period, our revenue growth rate were higher than the industry average primarily because (i) our growth was mainly driven by strong demand from intelligent vision terminals, while certain downstream markets that our industry peers primarily served, such as PCs, automotive and industrial semiconductor markets, experienced sluggish growth; (ii) we have been proactively expanding into new application scenarios, including smart vehicles and AR/VR, which have also contributed to our superb performances (iii) our customer base was more diversified as compared to that of certain industry peers, which were more susceptible to a limited number of customers’ demands and performances; and (iv) favorable industry trends supporting the growth of domestic fabless design companies, according to Frost & Sullivan.

Revenue by Geographic Location

During the Track Record Period, we sold our products mainly to Chinese Mainland, Hong Kong, Taiwan and other regions. We did not sell our products directly to the United States, or engage any distributors located in the United States. The following table sets forth a breakdown of our revenue by geographic location in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	186,522	57.7	286,990	61.6	355,735	62.6
Hong Kong	93,564	29.0	117,072	25.1	154,602	27.3
Taiwan	37,889	11.7	57,903	12.4	53,077	9.3
Other regions ⁽¹⁾	5,172	1.6	4,038	0.9	4,790	0.8
Total.	323,147	100.0	466,003	100.0	568,204	100.0

Note:

(1) Other regions mainly included South Korea, Japan and Singapore during the Track Record Period.

Revenue generated from Chinese Mainland amounted to RMB186.5 million, RMB287.0 million and RMB355.7 million in 2023, 2024 and 2025, representing approximately 57.7%, 61.6% and 62.6% of our total revenue in the same periods, respectively. The upward trend of our revenue from Chinese Mainland during the Track Record Period was primarily driven by increased demand for our products, stemming from our continuous improvements in product quality and technological capabilities. According to Frost & Sullivan, this trend aligns with the strong growth momentum of domestic fabless design companies in the industry, primarily due to advancements in key technical areas in recent years.

Revenue generated from Hong Kong, Taiwan and other regions amounted to RMB136.6 million, RMB179.0 million and RMB212.5 million in 2023, 2024 and 2025, representing approximately 42.3%, 38.4% and 37.4% of our total revenue in the same periods. Our revenue generated from Hong Kong, Taiwan and other regions remained relatively stable, while the revenue percentage decreased due to the strong revenue growth from Chinese Mainland.

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Cost of Sales

Our cost of sales primarily comprises (i) cost of wafers, (ii) cost of assembly and testing services, and (iii) other cost of sales, primarily including freight costs, labor costs and depreciation. The following table sets forth a breakdown of our cost of sales, in absolute amounts and as percentages of our total cost of sales for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of wafers	103,637	69.1	145,934	68.5	176,120	65.8
Cost of assembly and testing	40,028	26.7	56,400	26.5	77,418	28.9
Other cost of sales	6,226	4.2	7,888	3.7	9,597	3.6
Impairment	(15) ¹	(0.0)	2,927	1.3	4,397	1.6
Total.	149,876	100.0	213,149	100.0	267,532	100.0

Note:

- (1) We recorded reversal of impairment in 2023, mainly attributable to the decreased ending balance of inventories as of December 31, 2023, mainly due to our increased sales and recovery of the industry.

Our cost of sales increased by 42.2% from RMB149.9 million in 2023 to RMB213.1 million in 2024, and further by 25.5% to RMB267.5 million in 2025, primarily due to the increases in cost of wafers and cost of assembly and testing, resulting from our increased product sales and business expansion.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit by business line, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Smart video chips	141,777	52.6	197,652	51.8	248,974	52.6
Interconnect chips	30,357	58.2	44,130	60.2	50,408	54.0
Others	1,137	78.4	11,072	97.7	1,290	73.1
Total.	173,271	53.6	252,854	54.3	300,672	52.9

Smart Video Chips

Comparison between 2024 and 2025. Our gross profit margin of smart video chips increased from 51.8% in 2024 to 52.6% in 2025, primarily attributable to (i) our continuous launch of new products with higher profit margins that support higher transmission rates and establish technical barriers compared with peer products, and (ii) our strategic optimization of product mix, which increased the sales contribution from products with higher profit margins.

Comparison between 2023 and 2024. Our gross profit margin of smart video chips remained relatively stable at 52.6% in 2023 and 51.8% in 2024.

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Interconnect Chips

Comparison between 2024 and 2025. Our gross profit margin of interconnect chips decreased from 60.2% 2024 to 54.0% in 2025, primarily attributable to the change in our product mix, as sales of certain products with relatively lower profit margins recorded relatively faster growth.

Comparison between 2023 and 2024. Our gross profit margin of interconnect chips increased from 58.2% in 2023 to 60.2% in 2024, primarily because certain products contributed a higher proportion of our total revenue, particularly those products enabling HUD benefited from the rising penetration and increasing adoption in smart vehicles, which had relatively higher gross profit margins.

Net Other Income and Gains

Our net other income and gains mainly comprise (i) government grants, mainly comprising government subsidies to support our business operations, R&D activities and talent recruitment, (ii) additional VAT deduction in relation to the preferential VAT super deduction policy, (iii) fair value gains on financial investments at fair value through profit or loss mainly in relation to our structured deposits and certificates of deposit, and (iv) others. The following table sets forth a breakdown of our net other income and gains, in absolute amounts and as percentages of our total net other income and gains, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Other income	14,526	33.0	18,470	42.4	12,247	33.0
Government grants.	13,229	30.1	14,792	34.0	9,026	24.3
Additional VAT deduction	884	2.0	2,661	6.1	2,513	6.8
Others	413	0.9	1,017	2.3	708	1.9
Other gains, net	29,518	67.0	25,082	57.6	24,891	67.0
Fair value gains on financial investments						
at fair value through profit or loss . . .	28,659	65.0	24,884	57.1	24,518	66.0
Others	859	2.0	198	0.5	373	1.0
Total other income and gains.	44,044	100.0	43,552	100.0	37,138	100.0

Our net other income and gains remained relatively stable at RMB44.0 million in 2023 and RMB43.6 million in 2024. Our net other income and gains decreased by 14.7% from RMB43.6 million in 2024 to RMB37.1 million in 2025, primarily due to the decrease in government grants of RMB5.8 million, mainly attributable to the phasing out of certain subsidy programs and timing differences in the renewal of government grants.

Selling and Marketing Expenses

Our selling and marketing expenses comprise (i) staff costs mainly representing salaries and benefits paid to our selling and marketing personnel, (ii) marketing and promotion expenses mainly representing expenses related to distributor conferences, (iii) share-based payments mainly in relation to our share incentive plan, and (iv) others. The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of our total selling and marketing expenses, for the periods indicated.

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	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs.	8,336	91.7	8,966	81.0	8,467	82.4
Marketing and promotion expenses	158	1.7	242	2.2	915	8.9
Share-based payments	158	1.7	1,280	11.6	200	1.9
Others	438	4.9	584	5.2	692	6.7
Total.	9,090	100.0	11,072	100.0	10,274	100.0

Our selling and marketing expenses increased by 21.8% from RMB9.1 million in 2023 to RMB11.1 million in 2024, primarily due to the increase in share-based payments of RMB1.1 million in relation to our share incentive plan implemented in 2024. Our selling and marketing expenses decreased by 7.2% from RMB11.1 million in 2024 to RMB10.3 million in 2025, primarily due to the decrease in share-based payments of RMB1.1 million, mainly attributable to a reassessment of vesting conditions, which resulted in an adjustment of previously recognized expenses.

Administrative Expenses

Our administrative expenses comprise (i) staff costs mainly representing salaries and benefits paid to our administrative personnel, (ii) depreciation and amortization, (iii) property expenses in relation to our offices in Hefei and Shenzhen, (iv) share-based payments mainly in relation to our share incentive plan, and (v) others. The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs.	14,195	52.1	14,424	50.4	17,238	48.8
Depreciation and amortization	7,431	27.2	7,247	25.3	10,403	29.5
Property expenses	982	3.6	1,069	3.7	1,139	3.2
Share-based payments	208	0.8	1,384	4.8	566	1.6
Others	4,457	16.3	4,496	15.8	5,963	16.9
Total.	27,273	100.0	28,620	100.0	35,309	100.0

Our administrative expenses increased by 4.9% from RMB27.3 million in 2023 to RMB28.6 million in 2024, primarily due to the increase in share-based payments of RMB1.2 million in relation to our share incentive plan implemented in 2024. Our administrative expenses increased by 23.4% from RMB28.6 million in 2024 to RMB35.3 million in 2025, primarily due to the increases in (i) depreciation and amortization of RMB3.2 million, mainly attributable to the upgrades to our network, software and information systems in 2025, leading to an increase in the relevant fixed and intangible assets, and (ii) staff costs of RMB2.8 million resulting from the increased number and salaries of our administrative personnel to support our business expansion.

Research and Development Expenses

Our R&D expenses comprise (i) staff costs mainly representing salaries and benefits paid to our R&D personnel, (ii) depreciation and amortization, (iii) testing expenses mainly relating to the purchases of testing molds and testing tools, and third-party testing fees, (iv) raw materials consumed in the product design and R&D processes, (v) share-based payments mainly in relation to our share

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incentive plan, and (vi) others. The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	57,174	76.7	72,157	72.2	82,609	72.9
Depreciation and amortization	12,029	16.1	12,073	12.1	15,729	13.9
Testing expenses	1,774	2.4	3,838	3.8	5,117	4.5
Raw materials consumed	2,217	3.0	1,973	2.0	2,610	2.3
Share-based payments	711	1.0	9,092	9.1	2,846	2.5
Others	622	0.8	836	0.8	4,337	3.8
Total	74,527	100.0	99,969	100.0	113,248	100.0

Our research and development expenses increased by 34.1% from RMB74.5 million in 2023 to RMB100.0 million in 2024, primarily due to the increases in (i) staff costs of RMB15.0 million, mainly attributable to our increased number of R&D personnel as a result of our continued investment in R&D, and (ii) share-based payments of RMB8.4 million in relation to our share incentive plan implemented in 2024. Our research and development expenses increased by 13.3% from RMB100.0 million in 2024 to RMB113.2 million in 2025, primarily due to the increase in staff costs of RMB10.5 million, mainly attributable to our increased number and salaries of R&D personnel as a result of our continued investment in R&D.

Net Impairment Losses on Financial Assets under the ECL Model

Our net impairment losses on financial assets under the ECL model increased significantly from RMB0.1 million in 2023 to RMB1.5 million in 2024, primarily due to the increase in our trade receivables in line with the growth in our total revenue. Our net impairment losses on financial assets under the ECL model increased by 48.8% from RMB1.5 million in 2024 to RMB2.2 million in 2025, primarily due to the increase in the balance of trade receivables in line with our business expansion.

Other Expenses

Our other expenses increased significantly from RMB1.0 million in 2023 to RMB2.3 million in 2024, primarily due to the increase in net foreign exchange differences of RMB1.6 million, as a result of exchange rate fluctuations. Our other expenses remained relatively stable at RMB2.3 million in 2024 and RMB2.1 million in 2025.

Finance Costs

Our finance costs represent our interest on lease liabilities in relation to our leased office in Shenzhen.

Our finance costs decreased by 41.3% from RMB63.0 thousand in 2023 to RMB37.0 thousand in 2024, primarily due to the decrease in interest on lease liabilities resulting from our settlement of lease payments. Our finance costs decreased by 67.6% from RMB37.0 thousand in 2024 to RMB12.0 thousand in 2025, primarily due to the decrease in interest on lease liabilities resulting from our settlement of lease payments.

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Income Tax Expense

Our principal applicable taxes and tax rates are set forth as follows:

Chinese Mainland

Pursuant to the Law of the Chinese Mainland on Enterprise Income Tax and respective regulations, we and our subsidiary which operate in the Chinese Mainland are subject to a statutory rate of 25% or a preferential rate of 10% or 15% where applicable as set out below:

We were qualified as a “High and New Technology Enterprise” and were therefore entitled to a preferential income tax rate of 15% during the Track Record Period. The qualification is subject to review by the relevant tax authority in the Chinese Mainland every three years.

A reduction of income tax rate from 15% to 10% for the Track Record Period under Preferential Enterprise Income Tax Policies was applied as we were qualified as a Key IC Design Enterprise and a Software Enterprise according to the annual review by the tax authorities.

Our subsidiary, Shenzhen Lontium Semiconductor Technology Co., Ltd was qualified as a “High and New Technology Enterprise” and was therefore entitled to a preferential income tax rate of 15% during the Track Record Period. The qualification is subject to review by the relevant tax authority in the Chinese Mainland every three years.

Singapore

Under the tax regulations of Singapore, the statutory corporate income tax rate is 17% as stipulated by local laws. No provision for profits tax in Singapore was made as we did not have any assessable income subject to profits tax in Singapore during the Track Record Period.

We recorded income tax expenses of RMB2.5 million, RMB8.5 million, and RMB2.8 million in 2023, 2024 and 2025, respectively. Our effective tax rate (calculated as income tax expense divided by profit before tax) was 2.4%, 5.6% and 1.6% for the same periods, respectively. Our effective tax rate was relatively low at 1.6% in 2025, primarily due to (i) an increase in tax-deductible expenses arising from the exercise of share-based payment awards in 2025, and (ii) super deductions for research and development expenses during the same period, resulting in a higher amount eligible for additional tax deductions. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

The following table sets forth a breakdown of our income tax expense, in absolute amounts and as percentages of our total income tax expense for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Current income tax	248	9.8	10,984	128.7	2,892	104.9
Deferred income tax	2,273	90.2	(2,448)	(28.7)	(134)	(4.9)
Total.	2,521	100.0	8,536	100.0	2,758	100.0

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Our income tax expense increased from RMB2.5 million in 2023 to RMB8.5 million in 2024, mainly in line with the growth in our profit before tax. Our income tax expense decreased by 67.7% from RMB8.5 million in 2024 to RMB2.8 million in 2025, primarily due to (i) an increase in tax-deductible expenses arising from the exercise of share-based payment awards in 2025, and (ii) super deductions for research and development expenses in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 40.6% from RMB102.7 million in 2023 to RMB144.4 million in 2024, and further increased by 19.0% from RMB144.4 million in 2024 to RMB171.9 million in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations and equity financing. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the net [REDACTED] from the [REDACTED], and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB112.3 million, RMB359.9 million and RMB457.3 million as of December 31, 2023, 2024 and 2025, respectively.

Working Capital Sufficiency

Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	103,412	116,887	112,413
Net cash flows (used in)/from investing activities.	(1,063,108)	286,415	43,731
Net cash flows from/(used in) financing activities	1,008,945	(155,823)	(57,838)
Net increase/(decrease) in cash and cash equivalents	49,249	247,479	98,306
Cash and cash equivalents at the beginning of the year	62,805	112,332	359,922
Effect of foreign exchange rate changes, net.	278	111	(949)
Cash and cash equivalents at the end of the year	112,332	359,922	457,279

Net Cash Flows From Operating Activities

Our cash flows from operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items (such as fair value gains on financial investments at fair value through profit or loss, and depreciation of property, plant and equipment); (ii) the effects of movement in working capital (such as inventories, trade receivables, and other payables and accruals); and (iii) other cash items (such as income tax paid).

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In 2025, we had net cash flows from operating activities of RMB112.4 million. We had operating cash inflow before changes in working capital, primarily consisting of profit before tax of RMB174.7 million, adjusted for certain non-cash or non-operating items, primarily including (i) fair value gains on financial investments at fair value through profit or loss of RMB24.5 million, and (ii) depreciation of property, plant and equipment of RMB19.0 million. Changes in working capital resulted in a net cash outflow, primarily consisting of increase in inventories of RMB51.0 million, as we strategically increased our inventory levels to meet the rising market demand and growing order volume from our major customers.

In 2024, we had net cash flows from operating activities of RMB116.9 million. We had operating cash inflow before changes in working capital, primarily consisting of profit before tax of RMB152.9 million, adjusted for certain non-cash or non-operating items, primarily including (i) fair value gains on financial investments at fair value through profit or loss of RMB24.9 million, and (ii) depreciation of property, plant and equipment of RMB16.2 million. Changes in working capital resulted in a net cash outflow, primarily consisting of increase in inventories of RMB44.6 million, as we strategically increased our inventory levels to meet the rising market demand and growing order volume from our major customers.

In 2023, we had net cash flows from operating activities of RMB103.4 million. We had operating cash inflow before changes in working capital, primarily consisting of profit before tax of RMB105.2 million, adjusted for certain non-cash or non-operating items, primarily including (i) fair value gains on financial investments at fair value through profit or loss of RMB28.7 million, and (ii) depreciation of property, plant and equipment of RMB15.8 million. Changes in working capital resulted in a net cash inflow, primarily consisting of increase in other payables and accruals of RMB16.5 million in connection with the increases in the number of our employees and their salaries, partially offset by increase in prepayments, other receivables and other assets of RMB14.7 million in connection with our cooperation with new suppliers who required advance payments.

Net Cash Flows (Used in)/From Investing Activities

Our cash inflows from investing activities primarily consisted of disposal of financial investments at fair value through profit or loss and investment income. Our cash outflows from investing activities primarily consist of investment in financial investments at fair value through profit or loss and purchases of items of property, plant and equipment.

In 2025, our net cash flows from investing activities were RMB43.7 million, which consisted primarily of disposal of financial investments at fair value through profit or loss of RMB4,352.6 million in connection with our redemption of structured deposits to support our business expansion, partially offset by (i) investments in financial investments at fair value through profit or loss of RMB4,250.5 million in relation to our purchase of structured deposits and certificates of deposit, and (ii) additions to leasehold land of RMB51.8 million, mainly because we obtained the land use right for our Hefei R&D center in 2025.

In 2024, our net cash flows from investing activities were RMB286.4 million, which consisted primarily of disposal of financial investments at fair value through profit or loss of RMB3,132.0 million in connection with our redemption of structured deposits to support our business expansion, partially offset by investments in financial investments at fair value through profit or loss of RMB2,849.5 million in connection with our purchase of structured deposits and certificates of deposit.

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In 2023, our net cash flows used in investing activities were RMB1,063.1 million, which consisted primarily of investments in financial investments at fair value through profit or loss of RMB2,564.0 million in connection with our increased purchase of structured deposits after taking into account our idle cash and cash flow position, partially offset by disposal of financial investments at fair value through profit or loss of RMB1,523.0 million.

Net Cash Flows From/(Used in) Financing Activities

Our cash inflows from financing activities primarily consisted of proceeds from issue of shares. Our cash outflows from financing activities primarily consisted of dividends paid and share repurchase.

In 2025, our net cash flows used in financing activities were RMB57.8 million, which consisted primarily of dividends paid of RMB71.0 million, partially offset by proceeds from issue of shares of RMB22.0 million in connection with our share incentive plan.

In 2024, our net cash flows used in financing activities were RMB155.8 million, which consisted primarily of dividends paid of RMB96.5 million, and share repurchase of RMB59.2 million.

In 2023, our net cash flows from financing activities were RMB1,008.9 million, which consisted primarily attributable to net proceeds of RMB1,030.3 million from our A-share listing in 2023.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets				
Inventories	73,086	114,773	161,346	186,543
Trade receivables	5,250	33,537	75,689	34,840
Income tax recoverable	6,643	—	35	7,022
Prepayments, other receivables and other assets	17,876	1,899	18,826	20,520
Financial investments at fair value through profit or loss	1,158,181	867,886	763,995	955,494
Pledged deposits	1	1	1	1
Cash and cash equivalents	112,332	359,922	457,279	290,042
Total current assets	1,373,369	1,378,018	1,477,171	1,494,462
Current liabilities				
Trade payables	9,078	6,007	31,217	26,707
Contract liabilities	7,674	274	23	75
Other payables and accruals	29,164	44,266	55,750	49,601
Lease liabilities	493	525	—	—
Income tax payable	—	5,501	776	—
Total current liabilities	46,409	56,573	87,766	76,383
Net current assets	1,326,960	1,321,445	1,389,405	1,418,079

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Our net current assets increased from RMB1,321.4 million as of December 31, 2024 to RMB1,389.4 million as of December 31, 2025, primarily due to the increase in cash and cash equivalents of RMB97.4 million generated from our business operations. Our net current assets remained relatively stable at RMB1,327.0 million as of December 31, 2023 and at RMB1,321.4 million as of December 31, 2024.

Inventories

Our inventories primarily consist of (i) raw materials, (ii) finished goods, (iii) materials consigned for processing, and (iv) semi-finished goods. The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	31,730	59,027	67,940
Finished goods	30,407	44,741	48,044
Materials consigned for processing	17,504	18,354	54,560
Semi-finished goods	425	723	1,062
Provision for impairment losses on inventories	(6,980)	(8,072)	(10,260)
Total	73,086	114,773	161,346

Our inventory increased from RMB73.1 million as of December 31, 2023 to RMB114.8 million as of December 31, 2024, and further increased to RMB161.3 million as of December 31, 2025, as we strategically increased our inventory levels to meet the rising market demand and growing order volume from our major customers.

Our inventories are subject to provision for impairment losses. Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net realizable value and is recorded in cost of sales in the consolidated income statements. We had provision for impairment losses on inventories of approximately RMB7.0 million, RMB8.1 million and RMB10.3 million, as of December 31, 2023, and 2024 and 2025.

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly assess inventories based on the lower of cost or net realizable value to make impairment provisions. In addition, we further review the recoverability of our inventories to identify items with low sales or usage value and make additional impairment provisions accordingly. In accordance with our accounting policy, we estimate net realizable value of inventories based on specific facts and circumstances. For different types of inventories, we require the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories.

Our Directors are of the view that we have made sufficient impairment provision for inventories during the Track Record Period for the following reasons, (i) our inventories mainly consist of wafers and chips, which are properly stored under stringent storage requirements and have low risk of damage or deterioration, (ii) as of December 31, 2025, RMB106.0 million, or 92.3% of inventories as of December 31, 2024, had been used, consumed or sold, (iii) we have implemented a robust inventory monitoring system involving regular inventory screening and inventory risk assessments, to ensure that our inventory level is properly managed, and (iv) we have established comprehensive inventory provision policies and have made sufficient provisions for any slow-moving or at-risk inventories identified under our inventory monitoring system.

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The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	60,517	107,564	149,805
1 to 2 years	8,844	2,735	9,308
Over 2 years	3,725	4,474	2,233
Total	73,086	114,773	161,346

The following table sets forth our inventory turnover days for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	192.3	160.8	188.4

Note:

- (1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given period divided by cost of sales for that corresponding period and multiplied by 365 days for 2023, 2024 and 2025.

Our inventory turnover days decreased from 192.3 days in 2023 to 160.8 days in 2024, primarily due to our increased sales and strengthened inventory management. Our inventory turnover days increased from 160.8 days in 2024 to 188.4 days in 2025, primarily because we proactively increased our inventory level in anticipation of increased market demand and future sales growth. We plan to optimize our inventory turnover efficiency through (i) well-planned procurement based on sales forecasts, actual sales orders, and inventory levels; (ii) an optimized supply chain by introducing additional wafer suppliers to shorten production cycle; and (iii) regular inventory checks along with the development of differentiated sales strategies.

As of April 30, 2026, RMB122.5 million, or 75.9%, of our inventories as of December 31, 2025 had been sold or utilized.

Trade Receivables

Our trade receivables mainly represent outstanding amounts due from our distributors. Our trade receivables were generally settled within one month. See “Business — Our Customers” for details. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	5,526	35,302	79,673
Impairment	(276)	(1,765)	(3,984)
Total	5,250	33,537	75,689

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Our trade receivables increased from RMB5.3 million as of December 31, 2023 to RMB33.5 million as of December 31, 2024, mainly because we extended the credit limits of certain distributors to over one million at the year end given their good credit profiles and our long-term cooperation. We have cooperated with all these selected distributors for nearly ten years, and their trade receivables were subsequently settled in accordance with the credit terms. Our trade receivables further increased from RMB33.5 million as of December 31, 2024 to RMB75.7 million as of December 31, 2025, primarily due to (i) our business expansion and revenue growth, and (ii) increased procurement activities by our downstream customers in the year end in anticipation of the potential price rise of our products following the higher cost for assembly and testing services in the market, leading to higher ending balances of our trade receivables. We plan to strengthen our trade receivables collection through (i) continuous optimization of our policies and management processes for credit management that regulate customer entry, training, and evaluation procedures. We will conduct credit evaluations every six months to determine our customers’ credit limits and terms; (ii) monthly reconciliations and payment reminders sent to customers before due dates; and (iii) monitoring of the collection progress.

We made allowance for credit losses in trade receivables of RMB0.3 million, RMB1.8 million and RMB4.0 million as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, all of our trade receivables were aged within one year. During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	4.3	15.2	35.1

Note:

- (1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant period, divided by the revenue for the same period and multiplied by 365 days for 2023, 2024 and 2025.

Our trade receivables turnover days were 4.3 days, 15.2 days and 35.1 days in 2023, 2024 and 2025. Such upward trend was mainly due to (i) our business expansion and (ii) the increase in the year-end balance of our trade receivables as a result of the increased procurement activities by our downstream customers in the year end in anticipation of the potential price rise of our products following the higher cost for assembly and testing services in the market.

As of April 30, 2026, all of our trade receivables as of December 31, 2025, had been settled.

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Prepayments, Other Receivables and Other Assets — Current

Our current prepayments, other receivables and other assets primarily consist of (i) prepayments mainly to our suppliers for the purchase of raw materials, (ii) deposits mainly in connection with our leased office in Shenzhen and bidding activities, (iii) value added tax recoverable, (iv) [REDACTED], and (v) other receivables. The following table sets forth our current prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments	17,754	1,754	2,502
Deposits	125	148	122
Value added tax recoverable	—	—	2,575
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables	3	5	1
Subtotal	17,882	1,907	18,832
Less: Impairment losses	(6)	(8)	(6)
Total	17,876	1,899	18,826

Our current prepayments, other receivables and other assets decreased from RMB17.9 million as of December 31, 2023 to RMB1.9 million as of December 31, 2024, primarily due to the decrease in prepayments of RMB16.0 million, mainly because the above-mentioned supplier granted us credit terms and no longer required advance payments. Our current prepayments, other receivables and other assets increased from RMB1.9 million as of December 31, 2024 to RMB18.8 million as of December 31, 2025, primarily due to the increase in our [REDACTED] of RMB[REDACTED] in connection with the [REDACTED].

As of April 30, 2026, RMB5.1 million, or 26.8%, of our current prepayments, other receivables and other assets as of December 31, 2025, had been settled.

Financial Investments at Fair Value through Profit or Loss

Our financial investments at fair value through profit or loss consist of (i) structured deposits, and (ii) certificates of deposit. The following table sets forth our financial investments at fair value through profit or loss as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Structured deposits	1,158,181	697,140	588,434
Certificates of deposit	—	170,746	175,561
Total	1,158,181	867,886	763,995

Our financial investments at fair value through profit or loss decreased from RMB1,158.2 million as of December 31, 2023 to RMB867.9 million as of December 31, 2024, and further to RMB764.0 million as of December 31, 2025, primarily due to the decrease in structured deposits, mainly attributable to our redemption of structured deposits to support our business expansion.

FINANCIAL INFORMATION

Under our investment policy on the purchase of such financial assets, we seek to prudently use idle cash without affecting our business operations or capital expenditure. Our investment strategy includes, in particular: (i) only deploying surplus funds for cash management to generate reasonable returns, (ii) being confined to low-risk, highly liquid and capital-secure short-term products, mainly including structured deposits and certificates of deposit, and (iii) ensuring that the products offer guaranteed returns and are issued by reputable banks. In limited circumstances, such as where quota for structured deposits is temporarily constrained, we may invest a small portion of our surplus funds in wealth management products, provided that such products are classified as low-risk and are primarily invested in fixed-income assets.

We have established strict approval procedures for such investments. After our finance department formulates investment plans, which set out, among others, the types of investment products, the maximum investment limits and the manner of implementation, such investment plans are approved by our Board, and are further executed by our general manager, including selecting qualified issuers, determining investment amounts, choosing products and signing relevant agreements. We have also established stringent internal control and risk management policies regarding our financial investments, including: (i) ongoing monitoring of product performance and taking timely actions to mitigate potential risks, (ii) oversight by independent directors, who may engage external professionals for audits when necessary, and (iii) regular review by our internal audit department.

Our Board is actively involved in overseeing our financial investment activities and is responsible for reviewing and approving investment plans as well as supervising the implementation on an ongoing basis. Our Board and senior management collectively possess extensive industry experience and financial management expertise, which enable them to effectively oversee these investments. See “Directors and Senior Management” for details. In addition, these investments will be subject to compliance with the applicable requirements under Chapter 14 of the Listing Rules upon the [REDACTED].

Trade Payables

Our trade payables mainly represent balances due to our suppliers including wafer foundries and assembly and testing service providers. Our trade payables amounted to RMB9.1 million and RMB6.0 million as of December 31, 2023 and 2024, maintaining relatively stable as a percentage of our revenue in the same period, with fluctuations primarily influenced by our procurement arrangements. Our trade payables increased from RMB6.0 million as of December 31, 2024 to RMB31.2 million as of December 31, 2025, primarily due to an increase in procurement as we strategically expanded our inventory levels in anticipation of future sales growth. As of December 31, 2023, 2024 and 2025, all of our trade payables were aged within one year.

The following table sets forth our trade payables turnover days for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Trade payable turnover days ⁽¹⁾	18.1	12.9	25.4

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a period divided by our cost of sales for the relevant period and multiplied by 365 days for 2023, 2024 and 2025.

Our trade payables turnover days in 2023, 2024 and 2025 were generally in line with the one-month credit period granted by our major suppliers, with the fluctuations primarily reflecting variations in procurement and delivery arrangements.

FINANCIAL INFORMATION

As of April 30, 2026, RMB31.2 million, or 99.9%, of our trade payables as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly represent prepayments received under technological service agreements.

Our contract liabilities decreased from RMB7.7 million as of December 31, 2023 to RMB0.3 million as of December 31, 2024, primarily due to the completion of the technological service agreements, converting contract liabilities into recognized revenue. Our contract liabilities remained relatively stable at RMB0.3 million as of December 31, 2024 and RMB23.0 thousand as of December 31, 2025.

As of April 30, 2026, all of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

Other Payables and Accruals

Our other payables and accruals consist of (i) payroll and welfare payables in connection with the salaries and benefits payable to our employees, (ii) payables for purchase of property, plant, equipment and other intangible assets, mainly in relation to our purchase of software and intellectual property rights, (iii) deposits mainly provided by distributors to ensure their compliance with our management policy, (iv) other tax payables mainly representing VAT and other relevant tax surcharges, (v) repurchase obligations of restricted shares, (vi) [REDACTED], and (vii) others. The table below sets forth our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	20,880	27,675	30,829
Payables for purchase of property, plant, equipment and other intangible assets	6,371	8,786	11,327
Deposits	—	5,150	5,433
Other tax payables	1,904	2,232	1,931
Repurchase obligations of restricted shares	—	411	294
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	9	12	—
Total	29,164	44,266	55,750

Our other payables and accruals increased from RMB29.2 million as of December 31, 2023 to RMB44.3 million as of December 31, 2024, primarily due to the increase in (i) payroll and welfare payables of RMB6.8 million, mainly attributable to the increases in the number of our employees and their salaries, and (ii) deposits from nil to RMB5.2 million, because we previously returned deposits to distributors at the end of each year before 2024, contingent on compliance with our management policy, and then recharged them at the start of the next year. We discontinued this practice in 2024 to simplify the process. Our other payables and accruals increased from RMB44.3 million as of December 31, 2024 to RMB55.8 million as of December 31, 2025, primarily due to increases in (i) [REDACTED] of RMB[REDACTED] in connection with the [REDACTED], and (ii) payables for purchase of property, plant, equipment and other intangible assets of RMB2.5 million, mainly attributable to our purchase of design software to support our business growth.

FINANCIAL INFORMATION

As of April 30, 2026, RMB43.6 million, or 78.3%, of total other payables and accruals as of December 31, 2025, had been subsequently settled.

Non-Current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-Current Assets			
Property, plant and equipment	104,184	102,676	104,450
Right-of-use assets	1,005	500	51,038
Other intangible assets	7,369	12,459	16,255
Prepayments, other receivables and other assets	610	4,966	5,166
Deferred tax assets	—	3,741	3,930
Total Non-Current Assets	113,168	124,342	180,839
Non-Current Liabilities			
Deferred income	9,875	13,987	10,754
Lease liabilities	545	—	—
Deferred tax liabilities	242	—	—
Total Non-Current Liabilities	10,662	13,987	10,754

Property, Plant and Equipment

Our property, plant and equipment consists of (i) buildings, (ii) machinery, (iii) masks, (iv) electronic equipment and other equipment, (v) building improvements, (vi) construction in progress, and (vii) motor vehicles. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	66,855	64,597	62,339
Machinery	17,632	20,240	17,773
Masks	12,101	14,121	17,574
Electronic equipment and other equipment	1,817	2,094	2,172
Building improvements	—	1,415	1,128
Construction in progress	5,735	—	3,258
Motor vehicles	44	209	206
Total	104,184	102,676	104,450

Our property, plant and equipment decreased from RMB104.2 million as of December 31, 2023 to RMB102.7 million as of December 31, 2024, primarily due to the decrease in buildings of RMB2.3 million, mainly attributable to depreciation. Our property, plant and equipment increased from RMB102.7 million as of December 31, 2024 to RMB104.5 million as of December 31, 2025 primarily due to increases in (i) masks of RMB3.5 million, and (ii) construction in progress of RMB3.3 million.

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Right-of-Use Assets

Our right-of-use assets consist of (i) leasehold land in connection with our Hefei R&D center, and (ii) buildings representing our leased offices in Shenzhen. The following table sets forth our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Leasehold land	—	—	51,038
Buildings	1,005	500	—
Total	1,005	500	51,038

Our right-of-use assets decreased from RMB1.0 million as of December 31, 2023 to RMB0.5 million as of December 31, 2024, primarily due to the decrease in buildings resulting from depreciation. Our right-of-use assets increased from RMB0.5 million as of December 31, 2024 to RMB51.0 million as of December 31, 2025, primarily due to the increase in leasehold land of RMB51.0 million, mainly because we obtained the land use right for our Hefei R&D center in 2025.

Other Intangible Assets

Our other intangible assets consist of (i) software, and (ii) licenses. The following table sets forth our other intangible assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Software	635	7,310	12,690
Licenses	6,734	5,149	3,565
Total	7,369	12,459	16,255

Our other intangible assets increased from RMB7.4 million as of December 31, 2023 to RMB12.5 million as of December 31, 2024, and further to RMB16.3 million as of December 31, 2025, primarily due to the increase in software, mainly because we purchased multiple new systems and design software to support our business expansion.

Deferred Tax Assets

Our deferred tax assets increased from nil as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily because we incurred share-based payments in 2024 while the tax deduction for these expenses has not yet been realized. Our deferred tax assets remained relatively stable at RMB3.7 million as of December 31, 2024 and RMB3.9 million as of December 31, 2025.

Deferred Income

Our deferred income increased from RMB9.9 million as of December 31, 2023 to RMB14.0 million as of December 31, 2024, primarily because we received new government grants. Our deferred income decreased from RMB14.0 million as of December 31, 2024 to RMB10.8 million as of December 31, 2025, primarily due to the amortization of government grants.

FINANCIAL INFORMATION

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Current				
Lease liabilities	493	525	—	—
Non-current				
Lease liabilities	545	—	—	—
Total	1,038	525	—	—

Lease Liabilities

Our lease liabilities are in relation to our leased office in Shenzhen. As of December 31, 2023, 2024 and 2025 and April 30, 2026, our lease liabilities, including current and non-current portion, amounted to RMB1.0 million, RMB0.5 million, nil and nil, respectively. The downward trend of our lease liabilities during the Track Record Period was primarily due to our settlement of lease payments. The following table sets forth the maturity profile of our lease liabilities, based on the contractual undiscounted payments, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year or on demand	531	538	—
1 to 2 years	558	—	—
Over 2 years	—	—	—
Total	1,089	538	—

Contingent Liabilities or Guarantees

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

No Other Outstanding Indebtedness

Except as disclosed above, as of April 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. As of April 30, 2026, we did not have any committed unutilized banking facilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since April 30, 2026.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchases of items of property, plant and equipment	27,913	18,256	26,167
Additions to other intangible assets	5,673	10,510	6,736
Additions to leasehold land	—	—	51,815
Total	33,586	28,766	84,718

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities and equity financing. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for further details about our planned capital expenditure. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB8.2 million, RMB14.3 million and RMB246.9 million, respectively, primarily in connection with capital expenditure contracted for but not yet provided for purchase of software and construction of an R&D center.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Revenue growth rate ⁽¹⁾	34.1%	44.2%	21.9%
Quick ratio ⁽²⁾	28.0	22.3	15.0
Return on assets ⁽³⁾	11.1%	9.7%	10.9%
Return on equity ⁽⁴⁾	11.8%	10.1%	11.5%
Gross profit margin	53.6%	54.3%	52.9%
Net profit margin	31.8%	31.0%	30.3%

Notes:

- (1) Revenue growth rate is calculated as the year-on-year growth rate of revenue.
- (2) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant period end.
- (3) Return on assets is calculated as net profit for the period divided by the average total assets and multiplied by 100%. Average total assets is the sum of the balance of total assets at the beginning and at the end of the period, divided by two.
- (4) Return on equity is calculated as net profit for the period divided by the average total equity and multiplied by 100%. Average total equity is the sum of the balance of total equity at the beginning and at the end of the period, divided by two.

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OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 35 to the Accountants’ Report included in Appendix I. Our related party transactions were trade in nature. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Board manages and monitors these risks to ensure appropriate measures are implemented in a timely and effective manner. See Note 38 to the Accountants’ Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS

In 2023, 2024 and 2025, we paid dividends of RMB20.8 million, RMB96.5 million and RMB71.0 million, respectively, representing final dividends in respect of the preceding year.

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), we have adopted a general dividend policy, pursuant to which we may declare dividends in the form of cash dividends, stock dividends, or a combination of both, subject to applicable laws and our Articles of Association. In addition, our Board of Directors may, having regard to our funding requirements, propose interim dividends. In determining whether to declare and pay dividends, our Directors take into account, among others, the nature of the industry in which we operate, our stage of development, business model, profitability and major capital expenditure plans.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had approximately RMB369.4 million of retained profits available for distribution to our Shareholders.

FINANCIAL INFORMATION

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED], such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED] expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the maximum [REDACTED]) and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We recognized [REDACTED] RMB[REDACTED] in our consolidated statements of profit or loss and other comprehensive income in the Track Record Period.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) 37.67% by Mr. Chen (excluding Treasury Shares) and (ii) 3.32% by Xincaifu (excluding Treasury Shares), which was ultimately controlled by Mr. Chen as its sole executive partner who was entitled to exercise all voting rights of the Shares held by Xincaifu. Pursuant to the voting rights entrustment agreement, the voting rights attached to the Shares held by Ms. Qiu have been irrevocably entrusted to Mr. Chen, representing 3.46% voting rights (excluding Treasury Shares) in our Company as of the Latest Practicable Date. Therefore, as of the Latest Practicable Date, Mr. Chen was entitled to exercise a total of 44.45% of the voting power at general meetings (excluding Treasury Shares) of our Company.

Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restrictive Shares Incentive Plan), Mr. Chen will be entitled to exercise a total of [REDACTED]% of the voting power at general meetings (excluding Treasury Shares) of our Company. Upon [REDACTED], Mr. Chen and Xincaifu will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of the Controlling Shareholders confirms that he/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In April 2022, Mr. Chen has provided a non-competition undertaking in favor of our Company, pursuant to which, Mr. Chen has undertaken that, among others:

- (i) he and his close family members have not, directly or indirectly, engaged or participated in any business or activities that compete with the business conducted by the Company or its subsidiaries, nor do they hold any equity interests in other companies, enterprises, or economic organizations whose business competes with that of the Company or its subsidiaries. They have also not served as directors, senior management personnel, or core technical staff in such companies, enterprises, or organizations;
- (ii) he, his close family members, and any enterprises controlled by them or over which they can exercise significant influence (other than the Company) shall not, whether within or outside of China and in any form, directly or indirectly engage or participate in any business or activities that compete with the business conducted by the Company or its subsidiaries. They shall not, in any form, hold equity interests in any other companies, enterprises, or economic organizations whose business competes with that of the Company or its subsidiaries, nor shall they provide any financial, business, technical, management, or trade secret support to any companies, enterprises, organizations, or individuals that are or may be in competition with the Company or its subsidiaries;
- (iii) if, in the future, any company in which he has directly or indirectly invested plans to engage in the same or similar business as the Company, he undertakes to vote against such matters at meetings of the shareholders (general meetings) and/or the board of directors of that company, as well as any matters that may lead to such activities or related decisions. He shall also cause shareholders acting in concert with him and directors appointed by him to vote against such matters at such meetings;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) if, in the future, he or any enterprise directly or indirectly controlled by him gains access to any business opportunity that could involve or relate to a business competing with that of the Company, he shall immediately notify the Company and use best efforts to ensure that the business opportunity is first offered to the Company on fair and reasonable terms and conditions, so as to protect the interests of the Company and all its shareholders; and
- (v) if he fails to fulfill the above undertakings, he would compensate the Company and its Shareholders for any loss suffered as a result thereof.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [REDACTED].

Management Independence

Upon [REDACTED], our Board will comprise six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in “Directors and Senior Management.” Other than Mr. Chen, our Controlling Shareholder, executive Director, chairman of the Board and general manager, none of our Directors or members of the senior management is a controlling shareholder or holds any directorship or executive position in our Controlling Shareholder’s close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (iv) all of the other Directors (other than Mr. Chen) are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and
- (v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [REDACTED].

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (i) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) where a transaction or arrangement of our Company is subject to Shareholders’ approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;
- (iv) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see “Directors and Senior Management — Directors — Independent Non-Executive Directors” in this document; and
- (v) we have appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

The Directors consider that the above corporate governance measures are sufficient to manage potential conflict of interests between the Controlling Shareholders and the Group, and to protect the interests of the minority Shareholders.

SHARE CAPITAL

IMMEDIATELY BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 186,871,209 A Shares (including 867,474 A Shares repurchased and held in our Company’s stock repurchase account as Treasury Shares) with a nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate shareholding of total issued share capital
A Shares in issue	186,871,209 ⁽¹⁾	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note:

- (1) Including 867,474 A Shares repurchased and held in our Company’s stock repurchase account as Treasury Shares.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is exercised in full and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate shareholding of total issued share capital
A Shares in issue	186,871,209 ⁽¹⁾	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note:

- (1) Including 867,474 A Shares repurchased and held in our Company’s stock repurchase account as Treasury Shares.

OUR SHARES

Upon the completion of the [REDACTED], our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shanghai-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] for by or [REDACTED] between legal or natural persons in Chinese Mainland.

SHARE CAPITAL

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] for or [REDACTED] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Stock Exchange.

RANKING

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

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We have obtained our A Shareholders’ approval to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Stock Exchange at the general meeting of our Company held on December 8, 2025. Such approval is subject to the following conditions:

- (i) **Size of the [REDACTED].** The proposed number of H Shares to be [REDACTED] shall not exceed 10% of the total issued share capital enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed 15% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (ii) **Method of [REDACTED].** The method of [REDACTED] shall be by way of an [REDACTED] to institutional investors and a [REDACTED] for [REDACTED] in Hong Kong.
- (iii) **Target investors.** The H Shares shall be [REDACTED] to public investors in Hong Kong under the [REDACTED] and international investors, qualified domestic institutional investors in Chinese Mainland and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in [REDACTED].

SHARE CAPITAL

- (iv) **[REDACTED] basis.** The [REDACTED] price of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of investors and the risks related to the [REDACTED], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.
- (v) **Validity period.** The [REDACTED] of H Shares and [REDACTED] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the shareholders’ resolutions were passed on December 8, 2025. If the Company has obtained approval or filing from relevant regulatory bodies for the [REDACTED] and [REDACTED] of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the later of the [REDACTED] and the completion date of the exercise of the [REDACTED] (if any).

There is no other approved [REDACTED] plan for the Shares except the [REDACTED].

GENERAL MEETINGS

For details of circumstance under which our Shareholders’ general meetings are required, see “Summary of Articles of Association — Shareholders and Shareholders’ General Meetings” in Appendix III to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [REDACTED]), the following persons will have an interest and/or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest	Number of Shares interested in under the SFO	Description of Shares	Approximate shareholding as of the Latest Practicable Date in total issued share capital of our Company	Approximate shareholding upon completion of the [REDACTED] ⁽¹⁾	
					in A Shares	in total issued share capital of our Company
Mr. Chen	Beneficial owner	70,060,963 (L)	A Shares	37.49%	[37.49]%	[REDACTED]%
	Interest in controlled corporation ⁽²⁾⁽³⁾	7,046,198 (L)	A Shares	3.77%	[3.77]%	[REDACTED]%
	Interest through voting rights entrustment arrangement ⁽⁴⁾	6,436,172 (L)	A Shares	3.44%	[3.44]%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [REDACTED]).
- (2) The executive partner of Xincaifu is Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the Shares held by Xincaifu.
- (3) As of the Latest Practicable Date, there were 867,474 A Shares repurchased and held in our Company’s stock repurchase account as Treasury Shares. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company under the SFO.
- (4) Pursuant to the voting rights entrustment agreement, the voting rights of the Shares held by Ms. Qiu have been irrevocably entrusted to Mr. Chen. For details, see “Relationship with Our Controlling Shareholders” in this document.

For details of shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see “Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix IV to this document.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon the [REDACTED], our Board will comprise six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. FENG CHEN (陳峰)	61	Executive Director, chairman of the Board, and general manager	November 29, 2006	November 29, 2006	Overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Mr. SU Jin (蘇進)	46	Executive Director and deputy general manager of the Company	June 1, 2007	July 31, 2020	Responsible for leading the overall technology development of our Group	N/A
Mr. WU Wenbin (吳文彬)	61	Non-executive Director	December 26, 2018	December 20, 2024	Providing strategic advice and guidance on the business operations of our Group	N/A
Mr. CHEN Lai (陳來)	59	Independent non-executive Director	December 20, 2024	December 20, 2024	Providing independent advice on the operations and management of our Group	N/A
Ms. WEN Dongmei (文冬梅)	48	Independent non-executive Director	March 2, 2026	March 2, 2026	Providing independent advice on the operations and management of our Group	N/A
Ms. WONG Yee Man (黃綺汶) . . .	37	Independent non-executive Director	December 8, 2025	December 8, 2025	Providing independent advice on the operations and management of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. FENG CHEN (陳峰), aged 61, has been our Director, general manager and chairman of the Board since November 2006. He was re-designated as our executive Director on December 8, 2025, with effect from the [REDACTED]. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Chen has around 30 years of experience in the integrated circuit design industry. From December 1995 to January 2002, Mr. Chen served as a staff design engineer at Intel Corporation (Stock Code: INTC.NASDAQ), where he served as a senior staff engineer from December 2002 to November 2006. From January 2002 to November 2002, Mr. Chen served as a senior design engineer at Accelerant Networks, Inc. Mr. Chen has served as the general manager at Shenzhen Lontium since May 2013 and a director at Advanced Chiplet since December 2023.

Mr. Chen obtained his bachelor’s degree in applied physics from Anhui University (安徽大學) in the PRC in July 1985, his master’s degree in applied optics from Anhui Institute of Optics and Fine Mechanics of Chinese Academy of Sciences (中國科學院安徽光學精密機械研究所) in the PRC in June 1988, and his doctor’s degree in electronic engineering from Oregon Graduate Institute of Science and Technology in the U.S. in January 1996. In December 2013, Mr. Chen was recognized as a Leading Talent in Technology of Anhui Province (安徽省技術領軍人才). In August 2021, Mr. Chen was accredited as a Professor-level Senior Engineer (正高級工程師) by the Department of Human Resources and Social Security of Anhui Province in the PRC.

Mr. SU Jin (蘇進), aged 46, has been our Director since July 2020 and deputy general manager since December 2018. He was re-designated as our executive Director on December 8, 2025, with effect from the [REDACTED]. He is primarily responsible for leading the overall technology development of our Group.

Since June 2007, Mr. Su has served in our Group, where he became one of our core technical personnel and successively served as an engineer of the digital design department, the head of the R&D department, the technical director and the R&D director of the Company.

From Hefei University of Technology (合肥工業大學) in the PRC, Mr. Su obtained his bachelor’s degree in electronic science and technology in June 2004 and his master’s degree in microelectronics and solid-state electronics in June 2007. Mr. Su was recognized as a Leading Talent in Technology of Anhui Province in December 2019. He was accredited as a Senior Engineer (高級工程師) in December 2021 by the Department of Human Resources and Social Security of Anhui Province in the PRC.

Non-Executive Director

Mr. WU Wenbin (吳文彬), aged 61, has been our non-independent Director since December 2024. From December 2018 to December 2024, Mr. Wu served as an independent Director at the Company. He was re-designated as our non-executive Director on December 8, 2025, with effect from the [REDACTED]. Mr. Wu is primarily responsible for providing strategic advice and guidance on the business operations of our Group.

Since September 1994, Mr. Wu has served at the University of Science and Technology of China (中國科學技術大學), where he successively served as a lecturer and an associate professor at the Physical and Chemical Sciences Center and is currently serving as a professor at the Hefei National Research Center for Micro-Scale Materials Science of the University of Science and Technology of China.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu obtained his doctor’s degree in condensed materials physics from the University of Science and Technology of China in the PRC in October 1994.

Independent Non-Executive Directors

Mr. CHEN Lai (陳來), aged 59, has been our independent Director since December 2024. He was re-designated as our independent non-executive Director on December 8, 2025, with effect from the [REDACTED]. He is primarily responsible for providing independent advice on the operations and management of our Group.

Since July 1991, Mr. CHEN Lai has served at Anhui University, where he is currently serving as a professor and successively held positions including associate dean at the school of business and head of the finance department. Since June 2014, Mr. CHEN Lai has served as a director at Anhui University Press Co., Ltd. (安徽大學出版社有限責任公司). Since December 2018, Mr. CHEN Lai has served as an executive director at Anhui Association of Development Studies (安徽省發展戰略研究會). Since December 2020, Mr. CHEN Lai has served as the vice president at the Anhui Association of Chief Financial Officers (安徽省總會計師協會). Since April 2023, Mr. CHEN Lai has served as an independent director at Anhui Anli Material Technology Co., Ltd. (安徽安利材料科技股份有限公司) (Stock Code: 300218.SZ).

Mr. CHEN Lai obtained his bachelor’s degree in library science from Anhui University in the PRC in July 1991, his master’s degree in world economics from Fudan University (復旦大學) in the PRC in June 1998, and his doctor’s degree in political economics from Wuhan University (武漢大學) in the PRC in June 2007.

Ms. WEN Dongmei (文冬梅), aged 48, was appointed as our independent non-executive Director on March 2, 2026. Ms. Wen served as a client manager at Hua’an Securities Co., Ltd. (華安證券股份有限公司) from October 1995 to October 2005. She then served as an audit manager at Rongcheng Certified Public Accountants (Special General Partnership) (容誠會計師事務所(特殊普通合夥)) (formerly known as Anhui Huapu Certified Public Accountants (安徽華普會計師事務所)) from December 2005 to October 2008. Since October 2008, she has been serving as an audit partner at Baker Tilly China Certified Public Accountants (Special General Partnership) (天職國際會計師事務所(特殊普通合夥)).

Ms. Wen holds or held independent directorship in several listed companies, including Fuda Alloy Materials Co., Ltd. (福達合金材料股份有限公司, 603045.SH) from February 2018 to February 2023, Coway Technology Co., Ltd. (科威爾技術股份有限公司, 688551.SH) from September 2019 to June 2025, Zbit Semiconductor, Inc (恆燦半導體(合肥)股份有限公司, 688416.SH) since April 2021, and Guochuang Software Co., Ltd. (科大國創軟件股份有限公司, 300520.SZ) since May 2025.

Ms. Wen obtained a bachelor’s degree in accounting from Anhui University of Finance and Economics (安徽財經大學, formerly known as Anhui College of Finance and Trade (安徽財貿學院)) in the PRC in December 2001. She also obtained a master’s degree in business administration from University of Science and Technology of China (中國科學技術大學) in the PRC in December 2020. Ms. Wen has been a Certified Public Accountant in the since June 2007 and a Certified Tax Agent in the PRC since March 2012. She was recognized as a High-level Accounting Talent (高層次會計人才) by the Ministry of Finance of the PRC in December 2025.

Ms. WONG Yee Man (黃綺汶), aged 37, has been our independent Director since December 2025. Ms. Wong was appointed as our independent non-executive Director on December 8, 2025, with effect from the [REDACTED]. She is primarily responsible for providing independent advice on the operations and management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong has over 14 years of experience in accounting, forensic investigation and compliance matters. From December 2010 to January 2014 and from January 2015 to June 2016, Ms. Wong served as an assistant manager and manager at KPMG respectively. From March 2014 to January 2015, Ms. Wong served as an associate at Borrelli Walsh Limited. From July 2016 to November 2017, Ms. Wong served as a senior consultant at FTI Consulting (Hong Kong) Limited, a business advisory firm, where she was primarily responsible for the formulation and execution of forensic investigation procedures and on-site inspections. From November 2017 to October 2021 and from October 2023 to September 2024, Ms. Wong served as a manager at the SFC, where she was primarily responsible for regulatory risk and compliance matters. From March 2023 to October 2023, Ms. Wong served as a manager at Invesco Investment Management Co., Ltd., where she was primarily responsible for compliance monitoring and central compliance. She is currently a director at PAL Advisory Limited, a business advisory firm, where she is primarily responsible for regulatory compliance advisory matters. Since December 2024, Ms. Wong has been the independent non-executive director of First Tractor Company Limited (Stock Code: 0038.HK, 601038.SH). Ms. Wong has served as an independent non-executive director of Zhuhai Jingshi Measurement and Control Technology Co., Ltd. (珠海精實測控技術股份有限公司) since September 2025 and Guangzhou Haote Energy Saving and Environmental Protection Technology Co., Ltd. (廣州豪特節能環保科技股份有限公司) since October 2025. Since April 2026, Ms. Wong has been the independent non-executive director of Hubei DSphos Co., Ltd. (湖北東聖實業股份有限公司).

Ms. Wong obtained a bachelor’s degree in business administration in accounting at Hong Kong Polytechnic University in November 2010 and a bachelor’s degree in laws at University of London in August 2020 through distant learning. Ms. Wong is a Certified Public Accountant, a Certified ESG Analyst (CESGA), and a practicing accountant with the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operations of our business. The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. FENG CHEN (陳峰)	61	Executive Director, chairman of the Board, and general manager	November 29, 2006	Overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Mr. SU Jin (蘇進) . .	46	Executive Director and deputy general manager	June 1, 2007	Responsible for leading the overall technology development of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. LIU Yongyue (劉永躍)	59	Deputy general manager	October 31, 2018	Responsible for the management of investments and operations of our Group	N/A
Ms. ZHAO Yu (趙彥)	42	Secretary of our Board	October 10, 2012	Responsible for board affairs, capital markets, and corporate governance matters of our Group	N/A
Mr. WEI Yongxiang (韋永祥)	40	Finance director	May 5, 2014	Responsible for financial operations and capital management of the Company	N/A

For the biographies of Mr. FENG CHEN (陳峰) and Mr. SU Jin (蘇進), see “— Directors — Executive Directors” in this section.

Mr. LIU Yongyue (劉永躍), aged 59, has been our deputy general manager since October 2018. He is primarily responsible for the management of investments and operations of our Group. Mr. Liu joined our Group in October 2018 and served as a Director of the Company until December 2024. Since December 2023, Mr. Liu has served as a director at Advanced Chiplet.

From 1988 to 2000, Mr. Liu served in industries related to electronics, including the 38th Research Institute of the Ministry of Electronics Industry (電子工業部第三十八研究所, currently known as the 38th Research Institute of China Electronics Technology Group Corporation (中國電子科技集團公司第三十八研究所)) and Hefei Huayao Electronics Industry Co., Ltd. (合肥華耀電子工業有限公司). Mr. Liu served as the board secretary from August 2000 to August 2017 at Sun Create Electronics Co., Ltd. (安徽四創電子股份有限公司) (Stock Code: 600990.SH), where he also served as its deputy general manager from April 2009 to August 2017. From September 2017 to September 2018, Mr. Liu served as a senior engineer at the 38th Research Institute of China Electronics Technology Group Corporation.

Mr. Liu obtained his bachelor’s degree in physics from Anhui University in the PRC in July 1988 and his master’s degree in business administration from University of Science and Technology of China in the PRC in December 2001. In January 2000, Mr. Liu was accredited as Senior Engineer by Department of Personnel, Ministry of Information Industry in the PRC.

Ms. ZHAO Yu (趙彥), aged 42, has been the secretary of our Board since September 2015. She is primarily responsible for board affairs, capital markets, and corporate governance matters of our Group. Mr. Zhao has served in our Group and served as the manager of the investment and strategic development department of the Company since October 2012.

From July 2006 to December 2007, Ms. Zhao served as a quality engineer at Lunan Pharmaceutical Co., Ltd. (魯南製藥股份有限公司, currently known as Lunan Pharmaceutical Group Co., Ltd. (魯南製藥集團股份有限公司)). From January 2008 to September 2012, Ms. Zhao served at

DIRECTORS AND SENIOR MANAGEMENT

Anhui Diyuan Biotechnology Co., Ltd. (安徽帝元生物科技有限公司), where she successively held positions as quality engineer, assistant manager of the technology department, and deputy manager of the technology department.

Ms. Zhao obtained her bachelor’s degree in chemical engineering and technology from Hefei University of Technology in the PRC in June 2006.

Mr. WEI Yongxiang (韋永祥), aged 40, has been our finance director since May 2016. He is primarily responsible for financial operations and capital management of our Company.

From July 2008 to April 2014, Mr. Wei successively served as the cashier, tax accountant, general ledger accountant, and financial reporting accountant at Yongcheng Coal and Electricity Holding Group Co., Ltd. (永城煤電控股集團有限公司). Mr. Wei joined our Group in May 2014 and served as an accountant of the Company from May 2014 to April 2016.

Mr. Wei obtained his bachelor’s degree in accounting from Hefei University of Technology in the PRC in June 2008. In September 2019, Mr. Wei was accredited as an Intermediate Accountant (中級會計師) by the Ministry of Human Resources and Social Security and the Ministry of Finance in the PRC.

JOINT COMPANY SECRETARIES

Ms. ZHAO Yu (趙彥), aged 42, was appointed as one of our joint company secretaries on November 21, 2025. For the biography of Ms. Zhao, see “— Senior Management” in this section.

Mr. CHOW Tsz Ho (周梓浩), aged 29, was appointed as one of our joint company secretaries on November 21, 2025.

Mr. Chow is an assistant manager of the listing services department at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. He has approximately 7 years of experience in company secretarial profession.

Mr. Chow is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Chow received a bachelor’s degree in business administration from Hong Kong Shue Yan University in July 2018.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on November 21, 2025 and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

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

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Except as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

Prior to the Track Record Period, Mr. LIU Yongyue, our deputy general manager, received a circulated criticism from the Shanghai Stock Exchange in 2015 when he served as the board secretary of another listed company, arising from that company’s handling of a trading suspension and resumption and the related information disclosure. As confirmed by Mr. Liu, such incident was primarily due to insufficient understanding of the relevant trading suspension and resumption and information disclosure requirements, which was unintentional and did not concern Mr. Liu’s honesty.

As advised by the PRC legal advisor of our Company, (i) a Shanghai Stock Exchange circulated criticism is a self-regulatory disciplinary measure, and does not constitute an administrative penalty under the Administrative Penalty Law of the PRC; and (ii) such circulated criticism does not disqualify an individual from serving as a senior management member of a listed company under the applicable PRC Laws. In addition, as of the Latest Practicable Date, the PRC legal advisor of our Company confirmed that no records pertaining to any violations of laws or regulations, or dishonest activities in relation to Mr. Liu were located in the nationally unified integrity archive database for the securities and futures market established by the CSRC.

Our Company is of the view that the foregoing circulated criticism, which occurred prior to the Track Record Period, does not impugn the integrity, competence, or suitability of Mr. Liu to serve as a member of the senior management of the Company under the Listing Rules. The aforementioned incident did not have any adverse impact on us.

The Directors are of the view that the foregoing circulated criticism does not impugn the integrity, competence, or suitability of Mr. Liu to serve as a member of the senior management of the Company under the Listing Rules.

After reviewing the Shanghai Stock Exchange’s circulated criticism and the advice given to the Company by its PRC legal advisor, and conducting related independent due diligence surrounding Mr. Liu’s involvement with the incident, the Sole Sponsor is of the view that nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Company and the Director’s views expressed in the above paragraphs.

Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit

DIRECTORS AND SENIOR MANAGEMENT

Committee comprises Mr. CHEN Lai (陳來), Ms. WEN Dongmei (文冬梅), Mr. WU Wenbin (吳文彬) and Ms. WONG Yee Man (黃綺汶) (being our independent non-executive Director with appropriate professional qualifications), with Mr. CHEN Lai (陳來) as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration and Appraisal Committee comprises Ms. WEN Dongmei (文冬梅), Mr. CHEN Lai (陳來) and Mr. SU Jin (蘇進), with Ms. WEN Dongmei (文冬梅) as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Ms. WEN Dongmei (文冬梅), Mr. CHEN Lai (陳來), Mr. FENG CHEN (陳峰) and Ms. WONG Yee Man (黃綺汶), with Ms. WEN Dongmei (文冬梅) as the chairperson.

Strategy Committee

Our Board has established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to research and make recommendations to our Board on our long-term development strategies and major investment decisions. The Strategy Committee comprises Mr. FENG CHEN (陳峰), Ms. WEN Dongmei (文冬梅) and Mr. SU Jin (蘇進), with Mr. FENG CHEN (陳峰) as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [REDACTED] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies [REDACTED] on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. FENG CHEN (陳峰), performs both the roles of the chairman of our Board and chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations, Mr. FENG CHEN (陳峰) is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. FENG CHEN (陳峰) can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors.

DIRECTORS AND SENIOR MANAGEMENT

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience.

Our Board currently consists of two female Directors and four male Directors ranging from 37 to 61 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience in relevant to our Group’s operations and business in the semiconductor industry. They obtained degrees in various majors including physics, applied optics, electronic engineering, electronic science and technology, microelectronics and solid-state electronics, accounting, and economics. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company provides remuneration to our Directors and senior management in the form of salaries, allowances, share-based payments, performance bonuses and contributions to pension schemes. Our independent non-executive Directors receive remuneration based on their respective positions and responsibilities.

For the years ended December 31, 2023, 2024 and 2025, the total remuneration paid to Directors amounted to RMB4.4 million, RMB4.4 million and RMB3.4 million, respectively.

For the years ended December 31, 2023, 2024 and 2025, the total remuneration paid to the five highest-paid individuals (including Directors) amounted to RMB6.4 million, RMB8.2 million and RMB6.6 million, respectively.

The remuneration of our Directors and senior management is determined with reference to industry salary levels, the responsibilities and performance of their respective roles, as well as the annual operating results of our Company. Under the arrangements currently in effect, our Company estimates that the total pre-tax remuneration payable to our Directors for the year ending December 31, 2026 will be approximately RMB3.8 million.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any Director, former Director or any of the five highest-paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group. During the Track Record Period, no Director waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts were paid or payable by our Group to any Director or any of the five highest-paid individuals.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

Our Company has appointed Rainbow Capital (HK) Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide guidance and advice to our Company on compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to our Company in the following circumstances (among others):

- (a) prior to the publication of any regulated announcement, circular or financial report;
- (b) where a transaction (which may be a notifiable transaction or a connected transaction) is contemplated, including the issuance of shares, the sale or transfer of treasury shares, and the repurchase of shares;
- (c) where our Company proposes to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document, or where the business activities, developments or performance of our Group differ from any forecast, estimate or other information contained in this document; and
- (d) when the Stock Exchange makes an enquiry pursuant to Rule 13.10 of the Listing Rules regarding unusual movements in the price or [REDACTED] volume of our [REDACTED] securities or any other matters.

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED]. Such appointment may be extended by mutual agreement.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the maximum [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. In line with our business strategies and development, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our R&D and innovation capabilities. We regard independent R&D and innovation as our core development strategy, and plan to maintain a high level of R&D investment to continuously upgrade our products. In particular:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to retain, expand and optimize our R&D team. The semiconductor industry is characterized by fast technology iteration and its talent-intensive nature. To maintain competitiveness, we plan to attract and retain high-level R&D talents and build an outstanding team with international vision and strong system engineering capabilities. We have built a R&D talent team consisting of 192 members, accounting for 75.0% of our total employees as of December 31, 2025. In response to the growing demand in sectors of intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC, we plan to hire additional R&D professionals to ensure our sustained innovation and competitiveness. We expect these R&D personnel generally to hold a master’s degree or above and to have academic backgrounds in microelectronics, integrated circuit design, electronic engineering, computer science or other related disciplines. The following table sets forth the required R&D staff headcount for each position:

R&D Position	Headcount
Digital IP Design Engineer	11
IC Layout Design Engineer	8
Analog IP Design Engineer	8
Digital IP Integration Engineer	6
FPGA Verification Engineer	5
Software Engineer	4
Digital Verification Engineer, Algorithm Engineer, Hardware Engineer, Silicon Validation Engineer	3 each position
Automotive Analog IP Design Engineer	2
Product Manager, Clock Design Engineer, Test Engineer, Linux Driver Development Engineer, ATE Test Development Engineer. .	1 each position
In total	61

- (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to upgrade our R&D infrastructure. Specifically, we plan to construct a new R&D center with a total planned gross floor area of approximately 93,700 sq.m. in the Hefei Economic and Technological Development Area. The center will focus on expanding our intelligent video chip and interconnection chip portfolio and strengthening our technological capabilities in high-growth application areas, including intelligent automotive, AR/VR and AI and high-performance computing. Construction

FUTURE PLANS AND USE OF [REDACTED]

of the R&D center commenced in November 2025, with the main structure scheduled to be topped out by September 2026 and the facility planned to become operational by December 2027. At the same time, the [REDACTED] will also be applied to the acquisition of advanced equipment and tools, including (a) chip reliability testing instrument, (b) laboratory equipment, (c) computing hardware, and (d) software and intellectual property. These investments are intended to enhance our R&D efficiency, accelerate product iteration and strengthen our technological capabilities; and

- (iii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to procure R&D consumables and raw materials, including printed circuit boards and electronic components used in prototype development and testing. These investments will support the development, testing and verification of new chip designs, ensuring product quality and reliability.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to further enrich our product matrix and expand downstream application scenarios. In particular:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enhancing our competitiveness in the AI & HPC sector and accelerating the commercialization of our product offerings for these applications. Our product roadmap aims to include a wider range of high-speed signal conversion and interconnect solutions designed to meet the demanding requirements of next-generation computing systems. We plan to continue to invest in the R&D of high-speed protocol chips such as PCIe, SATA, and USB, with the aim of meeting the growing data throughput requirements of AI training, inference, and edge computing scenarios; and
 - (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our business in emerging application areas, including smart vehicle sector and AR/VR sector. We will continue to expand our automotive-grade chips and solutions in the areas of in-car entertainment systems, cockpit displays, HUD, ADAS video capture and transmission SerDes, multiplexed display transmission SerDes, automotive-grade panels and drivers, audio transmission SerDes, and microphones and speakers. We also aim to improve the performance, integration and power management of our products to meet the evolving needs for transmission with ultra-low latency, ultra-low power consumption and miniaturization, and simultaneously promote the R&D of on-device spatial computing chips to meet the extremely low computing latency requirements of “What You See Is What You Get” human-machine interaction.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our overseas business network and enhance our presence in international markets. Our target overseas markets include Japan, South Korea, the U.S., Southeast Asia and Europe. We select these markets for several reasons, including (a) these countries and regions are economically developed or fast-growing, with broad customer bases spanning the consumer, industrial, medical and automotive sectors, (b) these markets are home to many well-known global brands, downstream foundry manufacturers, and new and innovative companies, and (c) according to Frost & Sullivan, all of our target overseas markets are expected to continue growing from 2025 to 2030, with CAGRs ranging from 2.1% to 6.2%. We believe that these factors present attractive growth prospects and market opportunities to further expand our customer base and deepen our market presence. For the competitive landscape of our overseas markets, see “Industry Overview — Industry Competition Analysis.” In these markets, we intend primarily to offer smart video chips and interconnect chips for application scenarios such as video conferencing, AR/VR, cameras, automotive electronics, commercial display and medical applications. We have engaged local distributors

FUTURE PLANS AND USE OF [REDACTED]

in Japan and South Korea to promote our products, and we intend to provide further training and deepen cooperation with these distributors to expand customer coverage and identify additional business opportunities. In Southeast Asia, Europe and the United States, in addition to our existing customer development channels, we intend to introduce, where appropriate, distributors with strong market presence and capabilities to support product promotion and customer acquisition. We also plan to leverage overseas platforms and to prudently allocate additional technical and sales resources to enhance international market coverage and improve our marketing and promotional effectiveness.

In parallel, these funds will also be used to strengthen our partnerships with international chip makers, optimize our global customer service network and build a dual-track supply system that comprises both domestic and international foundries. In identifying potential foundry partners, we intend to prioritize leading mainstream wafer foundries, both domestically and internationally, whose process technology capabilities are aligned with our technology roadmap and product development strategy. Our collaboration framework is expected to remain primarily based on conventional supply chain procurement arrangements. Subject to market conditions, technological readiness and project implementation progress, we plan to introduce 28nm and 14nm process nodes between 2026 and 2027, 22nm process nodes in 2027, and 8nm and 12nm process nodes in 2028.

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to pursue strategic investments and acquisitions within the global semiconductor industry. We plan to selectively identify and integrate companies or assets in the semiconductor industry with strong technological capabilities, clear commercialization prospects and potential strategic cooperation with us, to expand our technology and product portfolio and strengthen our market presence and channel capabilities. In assessing potential targets, we will consider the following four criteria: (a) possess no fewer than three core intellectual property or key proprietary technologies in areas such as high-definition audio and video connectivity, automotive electronics, next-generation display technologies or high-performance computing, (b) maintain complementary product portfolios and technological capabilities that can strengthen our system-level solution offerings, (c) demonstrate strong research and development capabilities, as evidenced by research and development personnel accounting for not less than 50% of total employees, and (d) exhibit commercial viability and growth potential, including annual revenue of not less than RMB20 million. Through such investments, we aim to integrate complementary technologies, intellectual property portfolios, product offerings, supply chain resources and customer bases, thereby enhancing our technology capabilities, strengthening our presence in the markets and improving the synergies and competitiveness of our “platform + ecosystem” strategy. According to Frost & Sullivan, there are approximately 30 potential targets which satisfy our criteria. As of the Latest Practicable Date, we have not identified any specific target or participated in any commercial negotiation or entered into any memorandum of understanding or letter of intent with respect to any potential target.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate uses.

To the extent that the net [REDACTED] from the [REDACTED] are either less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] of the [REDACTED].

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, the Group will deposit the unused net [REDACTED] into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LONTIUM SEMICONDUCTOR CORPORATION AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Lontium Semiconductor Corporation (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX I

ACCOUNTANTS’ REPORT

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[DATE]

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	323,147	466,003	568,204
Cost of sales		(149,876)	(213,149)	(267,532)
Gross profit.		173,271	252,854	300,672
Other income and gains, net	6	44,044	43,552	37,138
Selling and marketing expenses		(9,090)	(11,072)	(10,274)
Administrative expenses		(27,273)	(28,620)	(35,309)
Research and development expenses		(74,527)	(99,969)	(113,248)
Impairment losses on financial assets under the expected credit loss (“ECL”) model, net		(139)	(1,490)	(2,217)
Other expenses	9	(1,006)	(2,270)	(2,075)
Finance costs	8	(63)	(37)	(12)
PROFIT BEFORE TAX		105,217	152,948	174,675
Income tax expense	12	(2,521)	(8,536)	(2,758)
PROFIT FOR THE YEAR		102,696	144,412	171,917
Attributable to:				
Owners of the parent		102,696	144,412	171,917
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT				
Basic (RMB per share)	14	0.58	0.78	0.93
Diluted (RMB per share)	14	0.58	0.78	0.93

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	102,696	144,412	171,917
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations.	—	4	(4)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	—	4	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	102,696	144,416	171,913
Attributable to:			
Owners of the parent.	102,696	144,416	171,913

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS	<i>Notes</i>			
Property, plant and equipment	15	104,184	102,676	104,450
Right-of-use assets	16(a)	1,005	500	51,038
Other intangible assets	17	7,369	12,459	16,255
Prepayments, other receivables and other assets	21	610	4,966	5,166
Deferred tax assets	28	—	3,741	3,930
Total non-current assets		113,168	124,342	180,839
CURRENT ASSETS				
Inventories	19	73,086	114,773	161,346
Trade receivables	20	5,250	33,537	75,689
Income tax recoverable		6,643	—	35
Prepayments, other receivables and other assets	21	17,876	1,899	18,826
Financial investments at fair value through profit or loss	18	1,158,181	867,886	763,995
Pledged deposits	23	1	1	1
Cash and cash equivalents	23	112,332	359,922	457,279
Total current assets		1,373,369	1,378,018	1,477,171
CURRENT LIABILITIES				
Trade payables	24	9,078	6,007	31,217
Contract liabilities	25	7,674	274	23
Other payables and accruals	27	29,164	44,266	55,750
Lease liabilities	16(b)	493	525	—
Income tax payable		—	5,501	776
Total current liabilities		46,409	56,573	87,766
NET CURRENT ASSETS		1,326,960	1,321,445	1,389,405
TOTAL ASSETS LESS CURRENT LIABILITIES		1,440,128	1,445,787	1,570,244
NON-CURRENT LIABILITIES				
Deferred income	26	9,875	13,987	10,754
Lease liabilities	16(b)	545	—	—
Deferred tax liabilities	28	242	—	—
Total non-current liabilities		10,662	13,987	10,754
Net assets		1,429,466	1,431,800	1,559,490
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	69,259	102,281	133,328
Treasury shares	29	—	(59,625)	(59,508)
Reserves	31	1,360,207	1,389,144	1,485,670
Total equity		1,429,466	1,431,800	1,559,490

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					
	Share capital	Share premium*	Share-based payment reserve*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 (note 29)	RMB'000 (note 31(a))	RMB'000 (note 31(b))	RMB'000 (note 31(c))	RMB'000	RMB'000
At 1 January 2023	51,944	56,683	4,255	24,078	179,202	316,162
Profit for the year	—	—	—	—	102,696	102,696
Total comprehensive income for the year	—	—	—	—	102,696	102,696
Dividends declared (note 13).	—	—	—	—	(20,778)	(20,778)
Issue of shares	17,315	1,012,966	—	—	—	1,030,281
Exercise of share award.	—	1,247	(1,247)	—	—	—
Share-based payment expense	—	—	1,105	—	—	1,105
Appropriation to statutory reserve	—	—	—	9,981	(9,981)	—
At 31 December 2023	69,259	1,070,896	4,113	34,059	251,139	1,429,466

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital	Treasury shares	Share premium*	Share-based payment reserve*	Exchange fluctuation reserve*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 31(a))	RMB'000 (note 31(b))	RMB'000	RMB'000 (note 31(c))	RMB'000	RMB'000
At 1 January 2024	69,259	—	1,070,896	4,113	—	34,059	251,139	1,429,466
Profit for the year	—	—	—	—	—	—	144,412	144,412
Other comprehensive income for the year:								
Exchange differences related to foreign operations	—	—	—	—	4	—	—	4
Total comprehensive income for the year	—	—	—	—	4	—	144,412	144,416
Dividends declared (note 13).	—	9	—	—	—	—	(96,471)	(96,462)
Shares repurchased.	—	(59,214)	—	—	—	—	—	(59,214)
Issue of restricted shares	6	(420)	414	—	—	—	—	—
Exercise of share award	—	—	1,116	(1,116)	—	—	—	—
Share-based payment expense.	—	—	—	12,059	—	—	—	12,059
Tax implications related to a share incentive plan	—	—	—	1,535	—	—	—	1,535
Transfer from share premium	33,016	—	(33,016)	—	—	—	—	—
Appropriation to statutory reserve.	—	—	—	—	—	14,707	(14,707)	—
At 31 December 2024	102,281	(59,625)	1,039,410	16,591	4	48,766	284,373	1,431,800

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Year ended 31 December 2025

	Attributable to owners of the parent							Total equity
	Share capital	Treasury shares	Share premium*	Share-based payment reserve*	Exchange fluctuation reserve*	Statutory reserve*	Retained profits*	
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 31(a))	RMB'000 (note 31(b))	RMB'000	RMB'000 (note 31(c))	RMB'000	RMB'000
At 1 January 2025	102,281	(59,625)	1,039,410	16,591	4	48,766	284,373	1,431,800
Profit for the year	—	—	—	—	—	—	171,917	171,917
Other comprehensive income for the year:								
Exchange differences related to foreign operations	—	—	—	—	(4)	—	—	(4)
Total comprehensive income for the year	—	—	—	—	(4)	—	171,917	171,913
Dividends declared (note 13)	—	6	—	—	—	—	(70,989)	(70,983)
Exercise of share award	—	—	2,660	(2,660)	—	—	—	—
Exercise of Type I Restricted Shares	—	111	25	(25)	—	—	—	111
Exercise of Type II Restricted Shares	623	—	26,695	(5,330)	—	—	—	21,988
Share-based payment expense	—	—	—	3,720	—	—	—	3,720
Tax implications related to a share incentive plan	—	—	915	55	—	—	—	970
Transfer from share premium	30,424	—	(30,453)	—	—	—	—	(29)
Appropriation to statutory reserve	—	—	—	—	—	15,930	(15,930)	—
At 31 December 2025	<u>133,328</u>	<u>(59,508)</u>	<u>1,039,252</u>	<u>12,351</u>	<u>—</u>	<u>64,696</u>	<u>369,371</u>	<u>1,559,490</u>

* These reserve accounts comprise total the consolidated reserves of RMB1,360,207,000, RMB1,389,144,000 and RMB1,485,670,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		105,217	152,948	174,675
Adjustments for:				
Finance costs	8	63	37	12
Bank interest income	7	(413)	(1,017)	(708)
Losses/(gains) on disposal of property, plant and equipment		4	(3)	27
Gains on adjustment of right-of-use assets	7	—	(34)	—
Fair value gains on financial investments at fair value through profit or loss	7	(28,659)	(24,884)	(24,518)
Depreciation of property, plant and equipment	7	15,800	16,212	18,967
Depreciation of right-of-use assets	7	502	500	1,277
Amortisation of other intangible assets . . .	7	3,550	4,498	8,340
Write-down of inventories to net realisable value	7	(15)	2,927	4,397
Impairment loss recognised on financial assets under ECL model, net.	7	139	1,490	2,217
Share-based payment expense	30	1,105	12,059	3,720
Foreign exchange differences, net.		(278)	(107)	945
		97,015	164,626	189,351
Decrease/(increase) in inventories		11,804	(44,614)	(50,969)
Increase in trade receivables		(2,995)	(29,776)	(44,370)
(Increase)/decrease in prepayments, other receivables and other assets		(14,743)	14,837	(3,609)
Increase in pledged deposits		(1)	—	—
Increase/(decrease) in trade payables		3,297	(3,071)	25,210
Increase in other payables and accruals		16,470	15,996	6,313
Increase/(decrease) in contract liabilities . . .		2,275	(7,400)	(251)
(Decrease)/increase in deferred income		(3,393)	4,112	(3,233)
Cash generated from operations		109,729	114,710	118,442
Bank interest received		413	1,017	708
Income tax paid		(8,512)	(8,921)	(8,916)
Income tax refund		1,782	10,081	2,179
Net cash flows from operating activities . . .		103,412	116,887	112,413

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(27,913)	(18,256)	(26,167)
Additions to other intangible assets		(5,673)	(10,510)	(6,736)
Additions to Leasehold land		—	—	(51,815)
Proceeds from disposal of items of property, plant and equipment		1	—	40
Disposal of financial investments at fair value through profit or loss		1,523,000	3,132,000	4,352,600
Investments in financial investments at fair value through profit or loss		(2,564,000)	(2,849,489)	(4,250,456)
Investment income		11,477	32,670	26,265
Net cash flows (used in)/from investing activities		(1,063,108)	286,415	43,731
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		1,052,244	420	21,988
Share issue expenses		(21,963)	—	(8,251)
Lease payments		(558)	(558)	(586)
Share repurchase		—	(59,214)	—
Dividends paid		(20,778)	(96,471)	(70,989)
Net cash flows from/(used in) financing activities		1,008,945	(155,823)	(57,838)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		49,249	247,479	98,306
Cash and cash equivalents at beginning of year		62,805	112,332	359,922
Effect of foreign exchange rate changes, net		278	111	(949)
CASH AND CASH EQUIVALENTS AT END OF YEAR		112,332	359,922	457,279
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	23	112,333	359,923	457,280
Less: Pledged deposits	23	(1)	(1)	(1)
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position	23	112,332	359,922	457,279

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	101,426	101,075	103,760
Right-of-use assets	16(a)	—	—	51,038
Other intangible assets	17	7,369	12,459	16,255
Investments in subsidiaries	22	11,450	13,069	13,394
Prepayments, other receivables and other assets	21	566	4,905	5,071
Deferred tax assets	28	—	3,741	3,931
Total non-current assets		120,811	135,249	193,449
CURRENT ASSETS				
Inventories	19	71,122	112,375	159,002
Trade receivables	20	3,105	20,440	61,118
Income tax recoverable		6,643	—	—
Prepayments, other receivables and other assets	21	17,744	1,340	17,819
Financial investments at fair value through profit or loss	18	1,158,181	867,886	763,995
Cash and cash equivalents	23	86,496	344,327	430,465
Total current assets		1,343,291	1,346,368	1,432,399
CURRENT LIABILITIES				
Trade payables	24	8,972	5,949	31,037
Contract liabilities	25	7,624	108	23
Other payables and accruals	27	25,555	38,796	50,444
Income tax payable		—	5,501	776
Total current liabilities		42,151	50,354	82,280
NET CURRENT ASSETS		1,301,140	1,296,014	1,350,119
TOTAL ASSETS LESS CURRENT LIABILITIES		1,421,951	1,431,263	1,543,568
NON-CURRENT LIABILITIES				
Deferred income	26	8,961	13,530	10,754
Deferred tax liabilities	28	242	—	—
Total non-current liabilities		9,203	13,530	10,754
Net assets		1,412,748	1,417,733	1,532,814
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	69,259	102,281	133,328
Treasury shares	29	—	(59,625)	(59,508)
Reserves	31	1,343,489	1,375,077	1,458,994
Total equity		1,412,748	1,417,733	1,532,814

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People’s Republic of China (“PRC”) and was converted into a joint stock company on 31 August 2015. The registered office of the Company is located at Building B3, Intelligent Equipment Technology Park, No. 3963 Susong Road, Economic and Technological Development Zone, Hefei City, Anhui Province China. The Company’s A shares were listed on the Shanghai Stock Exchange on 21 February 2023.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were involved in the research and sale of smart video chips and interconnect chips.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
深圳朗田畝半導體科技有限公司 Shenzhen Lontium Semiconductor Technology Co., Ltd.* (note (i))	PRC/ Chinese Mainland 17 May 2013	RMB10,000,000	100%	—	Design and sale of integrated circuit
ADVANCED CHIPLET TECHNOLOGY PTE. LTD. (note (ii))	Singapore/Singapore 22 December 2023	United States Dollar (“USD”) 1,000,000	100%	—	Research and development of electronic products

* The English name of the company registered in the Chinese Mainland represent the best efforts made by the directors of the Company in directly translating the Chinese name of the company as no English name been registered.

Notes:

- (i) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Shenzhen Yuanfeng Certified Public Accountants Co., Ltd. (深圳源豐會計師事務所有限公司), certified public accountants registered in the Chinese Mainland.
- (ii) LONTIUM SINGAPORE PTE. LTD., a wholly-owned entity in Singapore was established in 2023 and renamed as ADVANCED CHIPLET TECHNOLOGY PTE. LTD. on 20 August 2024. The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore was audited by FOZL Assurance PAC, certified public accountants registered in Singapore.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss which have been measured at fair value.

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Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendment	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>

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Amendments to IFRS 10 and
IAS 28
Amendments to IAS 21
*Annual Improvements to IFRS
Accounting Standards*
— *Volume 11*

*Sale or Contribution of Assets between an Investor and its
Associate or Joint Venture*³
*Translation to a Hyperinflationary Presentation Currency*²
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17%
Machinery	19.00%
Masks	33.33%
Motor vehicles	23.75%
Electronic equipment and other equipment	19.00% to 31.67%
Building improvements	20.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	3 to 5 years
Licences	3 to 5 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group, as well as by referring to the industry practice.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

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Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through profit or loss, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through profit or loss are held with the intention of selling them.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial investments at fair value through profit or loss

Financial investments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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(a) Sale of smart video chips and interconnect chips

Revenue from the sale of smart video chips and interconnect chips is recognised at the point in time when control of the asset is transferred to the customer, as follows:

For domestic sales, revenue is recognised when the products are dispatched and confirmed by the customer.

For export sales, revenue is recognised upon delivery under Free on Board (“**FOB**”) terms.

(b) Sale of others

Revenue from other sources, which include technological services and ancillary components, is recognised at a point in time. Recognition occurs upon the customer’s acceptance of the service or the transfer of control of the components to the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share-based payment scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined based on the share price at the grant date, further details of which are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Company and the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Chinese Mainland. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each of the reporting period.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of an overseas subsidiary is currency other than the RMB. As at the end of each of the reporting period, the assets and liabilities of this subsidiary are translated into RMB at the exchange rate prevailing at the end of each of the reporting period and its statement of profit or loss is translated into RMB at the exchange rate that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management’s judgement is required to assess the probability of future taxable profits. Management’s assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details on deferred taxes are disclosed in note 28 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging analysis of groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and other receivables is disclosed in note 20 and note 21 to the Historical Financial Information, respectively.

Inventory provision determined on net realisable value

According to the inventory accounting policy, the Group measures inventory at the lower of cost and net realisable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than this net realisable value. At the end of each reporting period, the Group reviews whether individual inventory items are obsolete or stagnant and whether their net realisable value is lower than their cost. The impairment of inventory is based on the assessment of the inventory’s merchantability and its net realisable value. Identification of inventory impairment requires management to make judgements and estimates based on solid evidence and factors such as the purpose of holding the inventory and the impact of events after the end of each reporting period. The difference between the actual result and the original estimate will affect the carrying amount of inventories and the accrual or reversal of inventory provision during the period in which the estimate is changed.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., research and sales of smart video chips and interconnect chips. Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	186,522	286,990	355,735
Hong Kong China	93,564	117,072	154,602
Taiwan China	37,889	57,903	53,077
Other regions	5,172	4,038	4,790
Total	323,147	466,003	568,204

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(b) *Non-current assets*

The geographical information of non-current assets is not presented as more than 90% of the non-current assets of the Group are located in Chinese Mainland.

Information about major customers

Revenue from major customers which individually amounted to 10% or more of the Group’s revenue is set out below:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Customer A	53,033	64,898	63,704
Customer B	N/A*	51,757	58,311
Customer C	N/A*	N/A*	97,453

* The revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the corresponding period.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers	323,147	466,003	568,204
Revenue from contracts with customers			
(a) Disaggregated revenue information			
Types of goods or services			
Smart video chips	269,543	381,387	473,109
Interconnect chips	52,154	73,287	93,331
Others	1,450	11,329	1,764
Total	323,147	466,003	568,204
Geographical markets			
Chinese Mainland	186,522	286,990	355,735
Hong Kong China	93,564	117,072	154,602
Taiwan China	37,889	57,903	53,077
Other regions	5,172	4,038	4,790
Total	323,147	466,003	568,204
Timing of revenue recognition			
Goods transferred at a point in time	323,147	466,003	568,204

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The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	1,259	7,674	274

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

The performance obligation is satisfied upon delivery of chips, components and the acceptance of service to customers and payment is generally due within one month.

The Group has elected the practical expedient for not to disclose the remaining performance obligations because the performance obligations are part of contracts with original expected duration of one year or less.

6. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	13,229	14,792	9,026
Additional VAT deduction**	884	2,661	2,513
Others	413	1,017	708
Total other income	14,526	18,470	12,247
Other gains, net			
Fair value gains on financial investments at fair value through profit or loss	28,659	24,884	24,518
Others	859	198	373
Total other gains.	29,518	25,082	24,891
Total other income and gains, net	44,044	43,552	37,138

* Government grants related to income that is received as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period upon actual receipt. There are no unfulfilled conditions or contingencies relating to these grants. The Group has received certain government grants related to purchases of items of property, plant and equipment and the grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 15% deduction of tax calculated based on the input value-added tax (“VAT”) from the VAT payable since 1 January 2023. The amount of additional deduction was recognised in profit or loss during the years ended 31 December 2023, 2024 and 2025.

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7. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		149,891	210,222	263,135
Depreciation of property, plant and equipment*	15	15,800	16,212	18,967
Depreciation of right-of-use assets	16	502	500	1,277
Amortisation of other intangible assets	17	3,550	4,498	8,513
Research and development costs		74,527	99,969	113,248
Expense relating to leases of low-value assets	16	—	54	128
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’ and supervisors’ remuneration (note 10)):				
Wages and salaries		68,638	83,483	97,349
Pension scheme contributions		6,712	8,607	9,404
Share-based payment expense	30	1,044	11,987	3,690
Foreign exchange differences, net		(736)	1,563	1,714
Impairment/(reversal of impairment provision) of financial assets:				
Impairment of trade receivables	20	149	1,489	2,219
(Reversal of impairment provision)/impairment of financial assets included in prepayments, other receivables and other assets		(10)	1	(2)
Total		139	1,490	2,217
Write-down of inventories to net realisable value		(15)	2,927	4,397
Bank interest income		(413)	(1,017)	(708)
Fair value gains on financial investments at fair value through profit or loss	6	(28,659)	(24,884)	(24,518)
Gains on modification of lease contracts		—	(34)	—
Losses/(gains) on disposal of property, plant and equipment		4	(3)	27

* Cost of inventories sold and research and development costs include expenses relating to depreciation of property, plant and equipment, amortisation of other intangible assets and employee benefit expense, which are also included in the respective total amounts disclosed above for each of these types of expenses.

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities.	63	37	12

9. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Foreign exchange differences, net	—	1,563	1,714
Donations.	1,000	500	150
Loss on disposal of property, plant and equipment.	4	—	27
Others	2	207	184
Total	1,006	2,270	2,075

10. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees.	180	240	331
Other emoluments:			
Salaries, allowances and benefits in kind . .	3,489	3,228	2,571
Performance related bonuses*	1,844	1,096	866
Share-based payment compensation	61	72	30
Pension scheme contributions.	213	181	122
Total	5,787	4,817	3,920

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

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(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. WU Wenbin (i).	60	60	—
Mr. YANG Mingwu (ii).	60	60	—
Ms. LI Xiaoling (iii).	60	60	—
Mr. CHEN Lai (iv).	—	—	80
Mr. XIE Guangjun (v).	—	—	80
Ms. WONG Yee Man (vi).	—	—	11
Total	180	180	171

- (i) Mr. WU Wenbin was appointed as an independent non-executive director of the Company on 26 December 2018 and resigned on 20 December 2024.
- (ii) Mr. YANG Mingwu was appointed as an independent non-executive director of the Company on 26 December 2018 and resigned on 20 December 2024.
- (iii) Ms. LI Xiaoling was appointed as an independent non-executive director of the Company on 26 December 2018 and resigned on 20 December 2024.
- (iv) Mr. CHEN Lai was appointed as an independent non-executive director of the Company on 20 December 2024.
- (v) Mr. XIE Guangjun was appointed as an independent non-executive director of the Company on 20 December 2024.
- (vi) Ms. WONG Yee Man was appointed as an independent non-executive director of the Company on 8 December 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisors

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. FENG CHEN					
(Chief executive officer) (i)	1,326	721	—	39	2,086
Mr. LIU Yongyue (ii)	696	298	—	49	1,043
Mr. SU Jin (iii).	715	380	—	46	1,141
Non-executive directors:					
Mr. GAO Zedong (iv)	—	—	—	—	—
Mr. JIA Bingyan (v)	—	—	—	—	—
Mr. LIU Qibin (vi).	—	—	—	—	—
Subtotal	2,737	1,399	—	134	4,270

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	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:					
Mr. ZHOU Dafeng (vii)	529	276	34	45	884
Ms. GAO Yunyun (viii)	223	169	27	34	453
Mr. YANG Fan (ix)	—	—	—	—	—
Mr. WANG Ruikun (x)	—	—	—	—	—
Ms. YANG Jiaqin (xi)	—	—	—	—	—
Subtotal	752	445	61	79	1,337
Total	3,489	1,844	61	213	5,607

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. FENG CHEN						
(Chief executive officer) (i)	—	1,512	509	—	39	2,060
Mr. LIU Yongyue (ii)	—	721	245	—	59	1,025
Mr. SU Jin (iii)	—	755	259	45	47	1,106
Non-executive directors:						
Mr. JIA Bingyan (v)	—	—	—	—	—	—
Mr. LIU Qibin (vi)	—	—	—	—	—	—
Mr. WU Wenbin (xii)	—	—	—	—	—	—
Subtotal	—	2,988	1,013	45	145	4,191
Supervisors:						
Ms. GAO Yunyun (viii)	—	240	83	27	36	386
Mr. WANG Ruikun (x)	—	—	—	—	—	—
Ms. YANG Jiaqin (xi)	60	—	—	—	—	60
Subtotal	60	240	83	27	36	446
Total	60	3,228	1,096	72	181	4,637

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ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. FENG CHEN						
(Chief executive officer) (i)	—	1,527	509	—	39	2,075
Mr. SU Jin (iii)	—	782	267	3	47	1,099
Non-executive directors:						
Mr. WU Wenbin (xii)	80	—	—	—	—	80
Subtotal	80	2,309	776	3	86	3,254
Supervisors:						
Ms. GAO Yunyun (viii)	—	262	90	27	36	415
Mr. WANG Ruikun (x)	—	—	—	—	—	—
Ms. YANG Jiaqin (xi)	80	—	—	—	—	80
Subtotal	80	262	90	27	36	495
Total	160	2,571	866	30	122	3,749

- (i) Mr. FENG CHEN was appointed as the chief executive and the chairman of the board of directors on 29 November 2006.
- (ii) Mr. LIU Yongyue was appointed as an executive director of the Company on 26 December 2018 and resigned on 20 December 2024.
- (iii) Mr. SU Jin was appointed as an executive director of the Company on 31 July 2020.
- (iv) Mr. GAO Zedong was appointed as a non-executive director of the Company on 20 May 2020 and resigned on 25 July 2023.
- (v) Mr. JIA Bingyan was appointed as a non-executive director of the Company on 16 September 2021 and resigned on 20 December 2024.
- (vi) Mr. LIU Qibin was appointed as a non-executive director of the Company on 18 August 2011 and resigned on 20 December 2024.
- (vii) Mr. ZHOU Dafeng was appointed as a supervisor of the Company on 18 September 2015 and resigned on 25 December 2023.
- (viii) Ms. GAO Yunyun was appointed as a supervisor of the Company on 31 July 2020.
- (ix) Mr. YANG Fan was appointed as a supervisor of the Company on 16 June 2019 and resigned on 25 December 2023.
- (x) Mr. WANG Ruikun was appointed as a supervisor of the Company on 25 December 2023.
- (xi) Ms. YANG Jiaqin was appointed as a supervisor of the Company on 25 December 2023.
- (xii) Mr. WU Wenbin was appointed as a non-executive director of the Company on 20 December 2024.

Pursuant to a resolution of the shareholders’ meeting in December 2025, the Company resolved to dissolve the board of supervisors.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods. No compensation was paid to, or receivable by, any director, or former director, for the loss of any other office in connection with the management of the affairs of any member of our Group.

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11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included three, two and two directors of the Company, respectively, details of whose remuneration are set out in note 10 to the Historical Financial Information above. Details of the remuneration of the remaining highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	2,044	2,932	3,143
Pension scheme contributions	90	140	152
Share-based payment compensation	38	1,937	86
Total	2,172	5,009	3,381

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
HKD1,000,000 to HKD1,500,000	2	—	3
HKD1,500,001 to HKD2,000,000	—	3	—
Total	2	3	3

12. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

Pursuant to the Law of the Chinese Mainland on Enterprise Income Tax and respective regulations, the Company and its subsidiary which operate in Chinese Mainland are subject to a statutory rate of 25% or where applicable a preferential rate of 10% or 15% as set out below:

The Company was qualified as a “High and New Technology Enterprise” and was therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. The qualification is subject to review by the relevant tax authority in the Chinese Mainland every three years.

A reduction of income tax rate from 15% to 10% for the Relevant Periods under Preferential Enterprise Income Tax Policies was applied as the Company was qualified as a Key IC Design Enterprise and a Software Enterprise according to the annual review by the tax authorities.

Shenzhen Lontium Semiconductor Technology Co., Ltd. was qualified as a “High and New Technology Enterprise” and was therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. The qualification is subject to review by the relevant tax authority in the Chinese Mainland every three years.

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Singapore

Under the tax regulations of Singapore, the statutory corporate income tax rate is 17% as stipulated by local laws. No provision for profits tax in Singapore was made as the Group did not have any assessable income subject to profits tax in Singapore during the Relevant Periods.

The income tax expense of the Group is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	248	10,984	2,892
Deferred income tax	2,273	(2,448)	(134)
Total	<u>2,521</u>	<u>8,536</u>	<u>2,758</u>

A reconciliation of the tax expense applicable to profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>105,217</u>	<u>152,948</u>	<u>174,675</u>
Tax at the applicable tax rate	10,522	15,295	17,468
Effect of different tax rates of subsidiaries . . .	164	633	652
Adjustments in respect of current tax of previous periods	13	1,892	(1,797)
Expenses not deductible for tax	115	70	259
Effect of super deduction for research and development costs	(8,593)	(8,711)	(13,567)
Tax losses utilised from previous periods . . .	(258)	(861)	(205)
Unrecognised deductible temporary differences and tax losses	558	218	(52)
Tax charge at the Group’s effective rate	<u>2,521</u>	<u>8,536</u>	<u>2,758</u>

13. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Final dividends in respect of the previous year, declared or paid during the year	<u>20,778</u>	<u>96,471</u>	<u>70,989</u>

The final dividends of RMB0.30, RMB1.40 and RMB0.70 (inclusive of tax) for each ordinary share in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.

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14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of share capital outstanding during the Relevant Periods.

On 3 June 2024, 25 April 2025 and 15 June 2026 the Company transferred share premium into share capital with 4.8 new shares issued for every 10 existing shares, 3 new shares issued for every 10 existing shares and 4 new shares issued for every 10 existing shares, respectively. The number of shares increased by 33,015,728, 30,423,935 and 53,143,924 after the conversion incurred in 2024, 2025 and 2026 respectively, among which 8,776 shares are attributable to Type I restricted share owners. If the number of issued and outstanding common shares or potential common shares increases as a result of stock dividends, capitalization of capital reserves, stock splits, or decreases as a result of stock consolidation, but does not affect the amount of owner’s equity, earnings per share for each of the periods presented should be recalculated on the basis of the adjusted number of shares.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect of the share incentive plan (note 30) issued by the Company. The weighted average numbers of ordinary shares used in the calculation are the numbers of ordinary shares outstanding during the Relevant Periods, as used in the basic earnings per share calculation, and the weighted average numbers of ordinary shares assumed to have been issued at adjusted consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. The number of shares used to calculate the basic and diluted earnings per share has deducted the treasury shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	102,696	144,412	171,917
Less: Dividends attributable to owners of the restricted shares	—	(9)	(5)
	<u>102,696</u>	<u>144,403</u>	<u>171,912</u>
Effect of dilution — Dividends attributable to owners of the restricted shares	—	9	5
	<u>102,696</u>	<u>144,412</u>	<u>171,917</u>

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	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Shares			
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation . . .	177,650	184,929	184,992
Effect of dilution — weighted average number of ordinary shares:			
Share incentive scheme (<i>note 30</i>)	—	145	508
Weighted average number of ordinary shares used in the diluted earnings per share calculation	177,650	185,074	185,500

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Masks	Motor vehicles	Electronic equipment and other equipment	Building improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023								
As at 1 January 2023:								
Cost	71,313	35,919	24,647	884	6,290	5,915	—	144,968
Accumulated depreciation.	(2,200)	(19,535)	(19,694)	(840)	(4,642)	(4,875)	—	(51,786)
Net carrying amount	69,113	16,384	4,953	44	1,648	1,040	—	93,182
At 1 January 2023, net of accumulated depreciation.	69,113	16,384	4,953	44	1,648	1,040	—	93,182
Additions	—	1,355	12,757	—	1,132	—	11,562	26,806
Disposals	—	—	—	—	(4)	—	—	(4)
Depreciation provided during the year.	(2,258)	(5,871)	(5,609)	—	(1,022)	(1,040)	—	(15,800)
Transfers	—	5,764	—	—	63	—	(5,827)	—
At 31 December 2023, net of accumulated depreciation.	66,855	17,632	12,101	44	1,817	—	5,735	104,184
As at 31 December 2023:								
Cost	71,313	43,038	36,261	884	7,390	5,915	5,735	170,536
Accumulated depreciation.	(4,458)	(25,406)	(24,160)	(840)	(5,573)	(5,915)	—	(66,352)
Net carrying amount	66,855	17,632	12,101	44	1,817	—	5,735	104,184

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ACCOUNTANTS’ REPORT

	Buildings	Machinery	Masks	Motor vehicles	Electronic equipment and other equipment	Building improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024								
As at 1 January 2024:								
Cost	71,313	43,038	36,261	884	7,390	5,915	5,735	170,536
Accumulated depreciation.	(4,458)	(25,406)	(24,160)	(840)	(5,573)	(5,915)	—	(66,352)
Net carrying amount	<u>66,855</u>	<u>17,632</u>	<u>12,101</u>	<u>44</u>	<u>1,817</u>	<u>—</u>	<u>5,735</u>	<u>104,184</u>
At 1 January 2024, net of								
accumulated depreciation.	66,855	17,632	12,101	44	1,817	—	5,735	104,184
Additions	—	3,016	9,040	211	1,059	1,439	147	14,912
Disposals	—	—	—	—	(4)	—	—	(4)
Depreciation provided								
during the year	(2,258)	(5,903)	(7,020)	(46)	(961)	(24)	—	(16,212)
Transfers	—	5,495	—	—	183	—	(5,882)	(204)
At 31 December 2024, net of								
accumulated depreciation.	<u>64,597</u>	<u>20,240</u>	<u>14,121</u>	<u>209</u>	<u>2,094</u>	<u>1,415</u>	<u>—</u>	<u>102,676</u>
As at 31 December 2024:								
Cost	71,313	51,549	44,516	1,095	8,559	6,946	—	183,978
Accumulated depreciation.	(6,716)	(31,309)	(30,395)	(886)	(6,465)	(5,531)	—	(81,302)
Net carrying amount	<u>64,597</u>	<u>20,240</u>	<u>14,121</u>	<u>209</u>	<u>2,094</u>	<u>1,415</u>	<u>—</u>	<u>102,676</u>
	Buildings	Machinery	Masks	Motor vehicles	Electronic equipment and other equipment	Building improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025								
As at 1 January 2025:								
Cost	71,313	51,549	44,516	1,095	8,559	6,946	—	183,978
Accumulated depreciation.	(6,716)	(31,309)	(30,395)	(886)	(6,465)	(5,531)	—	(81,302)
Net carrying amount	<u>64,597</u>	<u>20,240</u>	<u>14,121</u>	<u>209</u>	<u>2,094</u>	<u>1,415</u>	<u>—</u>	<u>102,676</u>
At 1 January 2025, net of								
accumulated depreciation.	64,597	20,240	14,121	209	2,094	1,415	—	102,676
Additions	—	4,078	12,250	64	1,155	—	3,258	20,805
Disposals	—	(4)	—	(11)	(49)	—	—	(64)
Depreciation provided								
during the year	(2,258)	(6,541)	(8,797)	(56)	(1,028)	(287)	—	(18,967)
At 31 December 2025, net of								
accumulated depreciation.	<u>62,339</u>	<u>17,773</u>	<u>17,574</u>	<u>206</u>	<u>2,172</u>	<u>1,128</u>	<u>3,258</u>	<u>104,450</u>
As at 31 December 2025:								
Cost	71,313	55,555	56,766	939	9,460	6,946	3,258	204,237
Accumulated depreciation.	(8,974)	(37,782)	(39,192)	(733)	(7,288)	(5,818)	—	(99,787)
Net carrying amount	<u>62,339</u>	<u>17,773</u>	<u>17,574</u>	<u>206</u>	<u>2,172</u>	<u>1,128</u>	<u>3,258</u>	<u>104,450</u>

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The Company

	Buildings	Machinery	Masks	Motor vehicles	Electronic equipment and other equipment	Building improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023								
As at 1 January 2023:								
Cost	71,313	28,804	21,534	884	5,749	5,508	—	133,792
Accumulated depreciation.	(2,200)	(16,531)	(17,443)	(840)	(4,163)	(4,468)	—	(45,645)
Net carrying amount	69,113	12,273	4,091	44	1,586	1,040	—	88,147
At 1 January 2023, net of								
accumulated depreciation.	69,113	12,273	4,091	44	1,586	1,040	—	88,147
Additions	—	1,355	12,757	—	1,082	—	11,557	26,751
Depreciation provided								
during the year	(2,258)	(4,218)	(4,963)	—	(993)	(1,040)	—	(13,472)
Transfers	—	5,764	—	—	58	—	(5,822)	—
At 31 December 2023, net of								
accumulated depreciation.	66,855	15,174	11,885	44	1,733	—	5,735	101,426
As at 31 December 2023:								
Cost	71,313	35,923	33,148	884	6,850	5,508	5,735	159,361
Accumulated depreciation.	(4,458)	(20,749)	(21,263)	(840)	(5,117)	(5,508)	—	(57,935)
Net carrying amount	66,855	15,174	11,885	44	1,733	—	5,735	101,426
As at 31 December 2024								
As at 1 January 2024:								
Cost	71,313	35,923	33,148	884	6,850	5,508	5,735	159,361
Accumulated depreciation.	(4,458)	(20,749)	(21,263)	(840)	(5,117)	(5,508)	—	(57,935)
Net carrying amount	66,855	15,174	11,885	44	1,733	—	5,735	101,426
At 1 January 2024, net of								
accumulated depreciation.	66,855	15,174	11,885	44	1,733	—	5,735	101,426
Additions	—	3,016	9,040	210	1,029	1,440	147	14,882
Disposals	—	—	—	—	(4)	—	—	(4)
Depreciation provided								
during the year	(2,258)	(4,964)	(6,804)	(46)	(929)	(24)	—	(15,025)
Transfers	—	5,495	—	—	183	—	(5,882)	(204)
At 31 December 2024, net of								
accumulated depreciation.	64,597	18,721	14,121	208	2,012	1,416	—	101,075
As at 31 December 2024:								
Cost	71,313	44,434	41,403	1,094	7,989	6,948	—	173,181
Accumulated depreciation.	(6,716)	(25,713)	(27,282)	(886)	(5,977)	(5,532)	—	(72,106)
Net carrying amount	64,597	18,721	14,121	208	2,012	1,416	—	101,075

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ACCOUNTANTS’ REPORT

	Buildings	Machinery	Masks	Motor vehicles	Electronic equipment and other equipment	Building improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025								
As at 1 January 2025:								
Cost	71,313	44,434	41,403	1,094	7,989	6,948	—	173,181
Accumulated depreciation.	(6,716)	(25,713)	(27,282)	(886)	(5,977)	(5,532)	—	(72,106)
Net carrying amount	<u>64,597</u>	<u>18,721</u>	<u>14,121</u>	<u>208</u>	<u>2,012</u>	<u>1,416</u>	<u>—</u>	<u>101,075</u>
At 1 January 2025, net of								
accumulated depreciation.	64,597	18,721	14,121	208	2,012	1,416	—	101,075
Additions	—	4,078	12,250	64	1,109	—	3,258	20,759
Disposals	—	(4)	—	(11)	(49)	—	—	(64)
Depreciation provided								
during the year	(2,258)	(5,617)	(8,797)	(56)	(994)	(288)	—	(18,010)
At 31 December 2025, net of								
accumulated depreciation.	<u>62,339</u>	<u>17,178</u>	<u>17,574</u>	<u>205</u>	<u>2,078</u>	<u>1,128</u>	<u>3,258</u>	<u>103,760</u>
As at 31 December 2025:								
Cost	71,313	48,441	53,653	938	8,844	6,948	3,258	193,395
Accumulated depreciation.	(8,974)	(31,263)	(36,079)	(733)	(6,766)	(5,820)	—	(89,635)
Net carrying amount	<u>62,339</u>	<u>17,178</u>	<u>17,574</u>	<u>205</u>	<u>2,078</u>	<u>1,128</u>	<u>3,258</u>	<u>103,760</u>

At the end of each of the Relevant Periods, no property, plant and equipment of the Group was pledged.

16. LEASES

The Group as a lessee

During the Relevant Periods, the Group has lease contracts for various items of leasehold land and office buildings used in its operations. Leasehold land generally has lease terms of 50 years. Leases of office buildings generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	—	1,484	1,484
Additions	—	23	23
Depreciation provided during the year	—	(502)	(502)
As at 31 December 2023 and 1 January 2024	—	1,005	1,005
Additions	—	—	—
Modification of lease contracts	—	(5)	(5)
Depreciation provided during the year	—	(500)	(500)
As at 31 December 2024 and 1 January 2025	—	500	500
Additions	51,815	—	51,815
Depreciation provided during the year	(777)	(500)	(1,277)
As at 31 December 2025	51,038	—	51,038

The Company

	Leasehold land
	<i>RMB’000</i>
As at 31 December 2024 and 1 January 2025	—
Additions	51,815
Depreciation provided during the year	(777)
As at 31 December 2025	51,038

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at the beginning of the year	1,483	1,038	525
New leases	23	—	—
Accretion of interest recognised during the year	63	37	12
Modification of lease contracts	—	(38)	—
Payments	(531)	(512)	(537)
Carrying amount at the end of the year	1,038	525	—
Analysed into:			
Current portion	493	525	—
Non-current portion	545	—	—

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The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	63	37	12
Depreciation charge of right-of-use assets . . .	502	500	1,277
Expense relating to leases of low-value assets*	—	54	128
Total amount recognised in profit or loss . . .	565	591	1,417

(d) The total cash outflow for leases is set out in note 32 to the Historical Financial Information.

17. OTHER INTANGIBLE ASSETS

The Group and The Company

	Software	Licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	2,969	—	2,969
Additions	28	7,922	7,950
Amortisation during the year	(2,362)	(1,188)	(3,550)
At 31 December 2023	635	6,734	7,369
At 31 December 2023:			
Cost	7,499	7,922	15,421
Accumulated amortisation	(6,864)	(1,188)	(8,052)
Net carrying amount	635	6,734	7,369
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	635	6,734	7,369
Additions	9,404	—	9,404
Transfers	184	—	184
Amortisation during the year	(2,913)	(1,585)	(4,498)
At 31 December 2024	7,310	5,149	12,459
At 31 December 2024:			
Cost	10,555	7,922	18,477
Accumulated amortisation	(3,245)	(2,773)	(6,018)
Net carrying amount	7,310	5,149	12,459
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	7,310	5,149	12,459
Additions	12,309	—	12,309
Amortisation during the year	(6,929)	(1,584)	(8,513)
At 31 December 2025	12,690	3,565	16,255

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	Software	Licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2025:			
Cost.	22,863	7,922	30,785
Accumulated amortisation.	(10,173)	(4,357)	(14,530)
Net carrying amount.	12,690	3,565	16,255

18. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Structured deposits	1,158,181	697,140	588,434
Certificates of deposit.	—	170,746	175,561
Total	1,158,181	867,886	763,995

The above structured deposits and certificates of deposit were issued by banks in Chinese Mainland are held with the primary objective of short-term trading for profit.

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	31,730	59,027	67,940
Finished goods	30,407	44,741	48,044
Semi-finished goods	425	723	1,062
Materials consigned for processing	17,504	18,354	54,560
	80,066	122,845	171,606
Provision for impairment losses on inventories	(6,980)	(8,072)	(10,260)
Total	73,086	114,773	161,346

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	30,084	56,477	65,695
Finished goods	29,119	43,508	47,223
Semi-finished goods	425	723	507
Materials consigned for processing	17,131	18,354	54,560
	76,759	119,062	167,985
Provision for impairment losses on inventories	(5,637)	(6,687)	(8,983)
Total	71,122	112,375	159,002

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20. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	5,526	35,302	79,673
Impairment.	(276)	(1,765)	(3,984)
Net carrying amount.	5,250	33,537	75,689

The Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	3,268	21,516	64,335
Impairment.	(163)	(1,076)	(3,217)
Net carrying amount.	3,105	20,440	61,118

The Group’s and the Company’s trading terms with its customers are mainly on credit. The credit period is generally within one month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Credit risk concentration is managed on a customer-by-customer basis. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of allowance for expected credit losses, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	5,250	33,537	75,689

The Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	3,105	20,440	61,118

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The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year.	127	276	1,765
Impairment losses, net of reversal	149	1,489	2,219
Total	276	1,765	3,984

The Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year.	583	163	1,076
Impairment losses, net of reversal	(420)	913	2,141
Total	163	1,076	3,217

For trade receivables at amortised cost, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the ageing of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year.	5,526	5.00%	276

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year.	35,302	5.00%	1,765

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year.	79,673	5.00%	3,984

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The Company

As at 31 December 2023			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	3,268	5.00%	163
As at 31 December 2024			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	21,516	5.00%	1,076
As at 31 December 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	64,335	5.00%	3,217

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion			
Prepayments	17,754	1,754	2,502
Deposits	125	148	122
Value added tax recoverable	—	—	2,575
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables	3	5	1
Subtotal	17,882	1,907	18,832
Less: Impairment losses	(6)	(8)	(6)
Total current portion	17,876	1,899	18,826
Non-current portion			
Prepayments	610	4,966	5,166
Total	18,486	6,865	23,992

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion			
Prepayments	17,719	1,276	1,577
Deposits	23	47	20
Value added tax recoverable	—	—	2,575
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables	3	5	1
Amounts due from subsidiaries	—	15	15
Subtotal	17,745	1,343	17,820
Less: Impairment losses	(1)	(3)	(1)
Total current portion	17,744	1,340	17,819
Non-current portion			
Prepayments	566	4,905	5,071
Total	18,310	6,245	22,890

The balances of amounts due from subsidiary are interest-free and unsecured.

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

22. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries	11,450	13,069	13,394

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23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	112,333	359,923	457,280
Less: Pledged deposits	(1)	(1)	(1)
Total cash and cash equivalents	<u>112,332</u>	<u>359,922</u>	<u>457,279</u>
Denominated in:			
USD	15,069	5,098	52,805
Singapore Dollar (“SGD”)	—	—	36
RMB	<u>97,263</u>	<u>354,824</u>	<u>404,438</u>
Total	<u>112,332</u>	<u>359,922</u>	<u>457,279</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	<u>86,496</u>	<u>344,327</u>	<u>430,465</u>
Denominated in:			
USD	15,069	4,829	52,481
RMB	<u>71,427</u>	<u>339,498</u>	<u>377,984</u>
Total	<u>86,496</u>	<u>344,327</u>	<u>430,465</u>

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents and pledged deposits to be minimal as they were placed in reputable financial institutions.

The carrying amounts of the cash and cash equivalents approximated to their fair values due to their short-term maturities.

24. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>9,078</u>	<u>6,007</u>	<u>31,217</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	8,972	5,949	31,037

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	9,078	6,007	31,217

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	8,972	5,949	31,037

Trade payables are non-interest-bearing and are normally settled within one month. As at the end of each of the Relevant Periods, the carrying amounts of trade payables approximated to their fair values.

25. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	7,674	274	23

The Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	7,624	108	23

Contract liabilities mainly include advances received to deliver products and technological services. The decrease in contract liabilities during the year ended 31 December 2024 was mainly due to the recognition of revenue related to technological services that had been delivered.

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26. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	9,875	13,987	10,754

The Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	8,961	13,530	10,754

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables for purchase of property, plant, equipment and other intangible assets	6,371	8,786	11,327
Payroll and welfare payables	20,880	27,675	30,829
Other tax payables	1,904	2,232	1,931
Repurchase obligations of restricted shares. . .	—	411	294
Deposits	—	5,150	5,433
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	9	12	—
Total	29,164	44,266	55,750

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables for purchase of property, plant, equipment and other intangible assets	6,371	8,786	11,327
Payroll and welfare payables	17,613	23,710	26,609
Other tax payables	1,570	1,728	1,545
Repurchase obligations of restricted shares. . .	—	411	294
Deposits	—	4,149	4,733
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	1	12	—
Total	25,555	38,796	50,444

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28. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Impairment of inventories	Impairment losses on financial assets	Share-based payments	Deferred income	Temporary difference on unrealised profit from intro-group transactions	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	862	7	—	1,190	8	—	2,067
Deferred tax (charged)/credited to profit or loss.	(298)	8	—	(294)	(7)	151	(440)
Gross deferred tax assets at 31 December 2023 and 1 January 2024.	564	15	—	896	1	151	1,627
Deferred tax credited/(charged) to profit or loss.	105	93	1,016	457	(1)	(76)	1,594
Deferred tax credited to equity	—	—	1,535	—	—	—	1,535
Gross deferred tax assets at 31 December 2024 and 1 January 2025	669	108	2,551	1,353	—	75	4,756
Deferred tax credited/(charged) to profit or loss.	229	213	(205)	(278)	—	(75)	(116)
Deferred tax credited to equity	—	—	55	—	—	—	55
Gross deferred tax assets at 31 December 2025	898	321	2,401	1,075	—	—	4,695

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The Company

	Impairment of inventories	Impairment losses on financial assets	Share-based payments	Deferred income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	862	59	—	1,190	2,111
Deferred tax charged to profit or loss	(298)	(43)	—	(294)	(635)
Gross deferred tax assets at 31 December 2023 and 1 January 2024.	564	16	—	896	1,476
Deferred tax credited to profit or loss	105	92	1,016	457	1,670
Deferred tax credited to equity	—	—	1,535	—	1,535
Gross deferred tax assets at 31 December 2024 and 1 January 2025.	669	108	2,551	1,353	4,681
Deferred tax credited/(charged) to profit or loss	229	214	(205)	(278)	(40)
Deferred tax credited to equity	—	—	55	—	55
Gross deferred tax assets at 31 December 2025	898	322	2,401	1,075	4,696

Deferred tax liabilities

The Group

	Right-of-use assets	Fair value adjustments arising from financial investments	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	36	36
Deferred tax charged to profit or loss	151	1,682	1,833
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	151	1,718	1,869
Deferred tax credited to profit or loss	(76)	(778)	(854)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	75	940	1,015
Deferred tax credited to profit or loss	(75)	(175)	(250)
Gross deferred tax liabilities at 31 December 2025	—	765	765

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	Fair value adjustments arising from financial investments
	<i>RMB’000</i>
At 1 January 2023	36
Deferred tax charged to profit or loss	1,682
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	1,718
Deferred tax credited to profit or loss	(778)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	940
Deferred tax credited to profit or loss	(175)
Gross deferred tax liabilities at 31 December 2025	765

For presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	—	3,741	3,930
Net deferred tax liabilities recognised in the consolidated statement of financial position	242	—	—

The Company

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net deferred tax assets recognised in the statement of financial position	—	3,741	3,931
Net deferred tax liabilities recognised in the statement of financial position	242	—	—

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Deferred tax assets have not been recognised in respect of the following items:

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	2,409	2,565	2,061
Tax losses	7,112	1,373	139
Total	9,521	3,938	2,200

As at 31 December 2023, 2024 and 2025, the Group had unutilised tax losses of approximately RMB7,112,000, RMB1,373,000 and RMB139,000, respectively, which could expire in one to ten years for offsetting against future taxable profits. Due to the unpredictability of future profit streams, no deferred tax assets had been recognised for these unused tax losses.

29. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Ordinary shares of RMB1.00 each	69,259	102,281	133,328

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

	Notes	Number of shares in issue	Share capital	Treasury shares
			RMB'000	RMB'000
At 1 January 2023		51,944,146	51,944	—
Issue of shares	(1)	17,314,716	17,315	—
At 31 December 2023, 1 January 2024		69,258,862	69,259	—
Issue of restricted shares under share incentive scheme	(2)	6,000	6	(420)
Reduction of repurchase obligation due to cash dividend	(2)	—	—	9
Transfer from share premium into share capital	(3)	33,015,728	33,016	—
Share repurchase	(4)	—	—	(59,214)
At 31 December 2024 and 1 January 2025 . .		102,280,590	102,281	(59,625)
Transfer from share premium into share capital	(5)	30,423,935	30,424	—
Reduction of repurchase obligation due to cash dividend	(2)	—	—	6
Exercise of Type I Restricted Shares	(7)	—	—	111
Exercise of Type II Restricted Shares	(6)	623,443	623	—
At 31 December 2025		133,327,968	133,328	(59,508)

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Notes:

- (1) In February 2023, the Company completed listing on the Shanghai Stock Exchange and issued 17,314,716 ordinary shares of RMB1.00 each for RMB64.76 per share for aggregate proceeds of RMB1,030,280,000, net of share issuance expenses. The difference between the par value and issue price amounting to RMB1,012,966,271 has been credited to the share premium account.
- (2) In February 2024, the Company issued 6,000 the Type I Restricted Shares under the share incentive scheme of the Company as set out in note 30 below for aggregate proceeds of RMB420,000. The difference between the par value and issue price amounting to RMB414,000 has been credited to the share premium account. Separately, an amount of RMB420,000 relating to the repurchase obligation for these restricted shares was recognised as treasury shares. Subsequently, cash dividends of RMB9,000 and RMB6,000 were applied to reduce the repurchase obligations on 3 June 2024 and 25 April 2025, respectively.
- (3) In June 2024, the Company implemented its 2023 annual dividend distribution (the “**2023 Annual Dividend Distribution**”), capitalising capital reserve for the issuance of 4.8 new shares for every 10 shares held by shareholders (excluding the repurchased 482,095 shares). The 2023 annual dividend distribution resulted in a total increase of 33,015,728 shares.
- (4) In February 2024, the Company held the 17th meeting of its third board of directors, at which a share repurchase scheme was approved, with the repurchased shares to be utilised for future share incentive plans or employee shareholding schemes as deemed appropriate. The Company repurchased an aggregate of 867,474 shares on the market at a total consideration of approximately RMB59,214,000 during the year of 2024.
- (5) In April 2025, the Company implemented its 2024 annual dividend distribution (the “**2024 Annual Dividend Distribution**”), capitalising capital reserve for the issuance of 3 new shares for every 10 shares held by shareholders (excluding the repurchased 867,474 shares). The 2024 annual dividend distribution resulted in a total increase of 30,423,935 shares.
- (6) In June 2025, the Company issued 623,443 ordinary share as a result of the exercise of share options under the share incentive scheme of the Company as set out in note 30 below for aggregate proceeds of RMB21,989,000. The difference between the par value and issue price amounting to RMB21,366,000 has been credited to the share premium account.
- (7) In December 2025, a total of 3,177 restricted shares under the share incentive scheme of the Company as set out in note 30 below were vested, as one participant met the performance requirements. Therefore, treasury stock of RMB111,000 and restricted shares repurchase obligations included in other payable and accruals of RMB111,000 were derecognized.

30. SHARE-BASED PAYMENTS

Equity-settled shared-based payment arrangement

1) *Share award schemes*

From 2014 to 2022, the Company conducted a series of share award schemes for eligible management and employees of the Group and Hefei Xinfu Wealth Information Technology Center (General Partnership) was established and designated as a share incentive platform to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

After the grant of the awards, the participants became partners of the share incentive platform and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements. From December 2014 to October 2022, the Group granted incentive shares to 290 eligible employees at subscription prices ranging from RMB2.02 to RMB6.25. The fair value of the incentive shares granted was valued by reference to the most recent transaction prices of the Company’s shares at the grant date.

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The number of shares granted under the Share award schemes during the Relevant Periods is summarised as follows:

	Year ended 31 December		
	2023	2024	2025
Outstanding as at the beginning of the year . .	403,623	221,388	229,358
Adjustment in number of shares*.	—	106,266	68,807
Vested	(168,794)	(81,913)	(130,828)
Forfeited	(13,441)	(16,383)	(1,521)
Outstanding as at the end of the year.	221,388	229,358	165,816

* The number of shares has been adjusted for the implementation of the Company’s 2023 and 2024 annual dividend distributions, which involved a transfer from share premium to share capital to issue 4.8 and 3 new shares for every 10 shares held, with record dates in June 2024 and April 2025, respectively.

2) 2024 Share Incentive Scheme

On 29 January 2024, pursuant to the resolution passed during the Company’s extraordinary shareholders’ meeting, the 2024 Share Incentive Scheme (the “SIS”) was approved, granting a total of 1,385,200 restricted shares (including 6,000 Type I Restricted Shares* and 1,379,200 Type II Restricted Shares**) were granted for the purpose of incentivising the management members and core employees of the Group to further promote the development and recognise their contributions. The Type I Restricted Shares under the SIS are valid for a maximum of 48 months from the date of completion of the grant registration until the release of all restricted shares or their cancellation/repurchase. The Type II Restricted Shares are valid for a maximum of 60 months from the grant date until full vesting or lapse.

* Type I Restricted Shares refers to A Shares issued to the participants with certain restrictions stipulated under the SIS. On the grant date of Type I Restricted Shares, the participants of Type I Restricted Shares were entitled to received newly issued A Shares of the Company, with certain restrictions stipulated under the SIS.

** Type II Restricted Shares refers to A Shares granted to the participants pursuant to which A Shares could be newly issued and subscribed for upon the satisfaction of certain vesting conditions under the SIS. The participants of Type II Restricted Shares have the right to subscribe new A Shares in the future upon the satisfaction of certain vesting conditions under the SIS.

On 29 January 2024, the board of directors approved the grant of 1,236,700 restricted shares to 132 participants as a recognition of their contribution and as share incentive. Among them, 6,000 Type I Restricted Shares (representing 11,544 A Shares after the increase of share capital incurred in June 2024 and April 2025) were granted to one participant, 1,230,700 Type II Restricted Shares were granted to 131 participants (First-granted Type II Restricted Shares), and 148,500 Type II Restricted Shares were reserved (Reserved-granted Type II Restricted Shares). The granted price of restricted shares (including Type I Restricted Shares and the First-granted Type II Restricted Shares) was RMB70.00 and adjusted to RMB35.27 after the 2023 Annual Dividend Distribution and 2024 Annual Dividend Distribution. These granted restricted shares will vest in three tranches which are 30% after 1 year, 30% after 2 years, and the remaining 40% after 3 years from the grant date upon the fulfillment of the vesting conditions and employees’ individual performance appraisals.

On 27 January 2025, the board of directors further approved the grant of 219,780 (adjusted from 148,500 to 219,780 after the increase of share capital in June 2024) Reserved-granted Type II Restricted Shares to 100 participants. The granted price of Reserved-granted Type II Restricted Shares was RMB55.00 and adjusted to RMB41.86 after the 2024 Annual Dividend Distribution. The granted

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restricted shares will vest in two tranches which are 50% after 1 year and 50% after 2 years from the grant date upon the fulfillment of the vesting conditions and employees’ individual performance appraisals.

The following Type I Restricted Shares were outstanding under the SIS during the year ended 31 December 2024 and 2025:

	Year ended 31 December 2024		Year ended 31 December 2025	
	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share	Number of shares
	<i>RMB per share</i>		<i>RMB per share</i>	
At 1 January	—	—	46.46	8,880
Granted during the year	70.00	6,000	—	—
Adjustment in number of shares*	46.46	2,880	35.27	2,664
Vested	—	—	35.27	(3,177)
Forfeited	—	—	35.27	—
At 31 December	46.46	8,880	35.27	8,367

The following Type II Restricted Shares were outstanding under the SIS during the year ended 31 December 2024 and 2025:

	Year ended 31 December 2024		Year ended 31 December 2025	
	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
	<i>RMB per share</i>		<i>RMB per share</i>	
At 1 January	—	—	46.46	1,714,499
Granted during the year	70.00	1,230,700	55.00	219,780
Adjustment in number of shares*	46.46	590,736	36.02	580,284
Exercised during the year	—	—	35.27	(623,443)
Forfeited during the year	46.46	(106,937)	36.31	(981,088)
At 31 December	46.46	1,714,499	36.22	910,032

* The number of shares has been adjusted for the implementation of the Company’s 2023 and 2024 annual dividend distributions, which involved a transfer from share premium to share capital to issue 4.8 and 3 new shares for every 10 shares held, with record dates in June 2024 and April 2025, respectively.

The exercise prices and exercise periods of the Type II Restricted Shares outstanding as at 31 December 2024 and 31 December 2025 are as follows:

As at 31 December 2024		
Number of options	Exercise price	Exercise period
	<i>RMB per share</i>	
483,213	46.46	January 2025 to January 2026
527,694	46.46	January 2026 to January 2027
703,592	46.46	January 2027 to January 2028
1,714,499		

The fair value of the Type II Restricted Shares granted during the year ended 31 December 2024 was RMB24,141,000.

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As at 31 December 2025

Number of options	Exercise price	Exercise period
	<i>RMB per share</i>	
336,067	35.27	January 2026 to January 2027
443,050	35.27	January 2027 to January 2028
65,824	41.86	January 2026 to January 2027
65,091	41.86	January 2027 to January 2028
<u>910,032</u>		

The fair value of the Type II Restricted Shares granted during the year ended 31 December 2025 was RMB8,005,000.

Fair values of the Type I Restricted Shares are based on the share price as at the granting date. Fair value of the Type II Restricted Shares is calculated under the Black-Scholes pricing model using the following assumptions:

	First-granted Type II Restricted Shares	Reserved-granted Type II Restricted Shares
Exercise price per share at grant date.	70.00	55.00
Expiry date.	Respective annual due dates	Respective annual due dates
Share price at grant date per share.	85.24	89.84
Expected volatility of the Company’s shares. .	12.39%–15.22%	16.40%–19.69%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.50%–2.75%	1.50%–2.10%

Share-based payment expenses

Share-based payment expenses during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity-settled share-based payments	<u>1,105</u>	<u>12,059</u>	<u>3,720</u>

31. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium of the Group mainly represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve as set out in note 30 to the Historical Financial Information.

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(c) Statutory reserve

In accordance with the Company Law of the Chinese Mainland, companies registered in the Chinese Mainland are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of their registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant Chinese Mainland authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Share premium	Share-based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	56,683	4,255	24,078	165,366	250,382
Total comprehensive income for the year . .	—	—	—	99,814	99,814
Dividends declared (<i>note 13</i>)	—	—	—	(20,778)	(20,778)
Issue of shares	1,012,966	—	—	—	1,012,966
Exercise of share award	1,247	(1,247)	—	—	—
Share-based payment expense	—	1,105	—	—	1,105
Appropriation to statutory reserve	—	—	9,981	(9,981)	—
At 31 December 2023 and					
1 January 2024.	1,070,896	4,113	34,059	234,421	1,343,489
Total comprehensive income for the year . .	—	—	—	147,067	147,067
Dividends declared (<i>note 13</i>)	—	—	—	(96,471)	(96,471)
Issue of restricted shares	414	—	—	—	414
Exercise of share award	1,116	(1,116)	—	—	—
Share-based payment expense	—	12,059	—	—	12,059
Tax implications related to a share incentive plan	—	1,535	—	—	1,535
Transfer from share premium	(33,016)	—	—	—	(33,016)
Appropriation to statutory reserve	—	—	14,707	(14,707)	—
At 31 December 2024 and					
1 January 2025.	1,039,410	16,591	48,766	270,310	1,375,077
Total comprehensive income for the year . .	—	—	—	159,304	159,304
Dividends declared (<i>note 13</i>)	—	—	—	(70,989)	(70,989)
Exercise of share award	2,660	(2,660)	—	—	—
Exercise of Type I Restricted Shares	25	(25)	—	—	—
Exercise of Type II Restricted Shares	26,695	(5,330)	—	—	21,365
Share-based payment expense	—	3,720	—	—	3,720
Tax implications related to a share incentive plan	915	55	—	—	970
Transfer from share premium	(30,453)	—	—	—	(30,453)
Appropriation to statutory reserve	—	—	15,930	(15,930)	—
At 31 December 2025	1,039,252	12,351	64,696	342,695	1,458,994

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32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB23,000, nil and nil, respectively. These additions related to building lease arrangements.

(b) Changes in liabilities arising from financing activities

	Total
	<i>RMB'000</i>
At 1 January 2023	1,483
Changes from financing cash flows	(531)
New lease addition	23
Accretion of interest	63
At 31 December 2023 and 1 January 2024	1,038
Changes from financing cash flows	(512)
Adjustment of lease liabilities	(38)
Accretion of interest	37
At 31 December 2024 and 1 January 2025	525
Changes from financing cash flows	(537)
Accretion of interest	12
At 31 December 2025	—

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities.	—	54	128
Within financing activities.	558	558	586
Total	558	612	714

33. PLEDGE OF ASSETS

Details of the Group’s assets pledged are included in note 23 to the Historical Financial Information.

34. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitments	8,193	14,312	246,922

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35. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions:

The Group had the following material related party transactions during the Relevant Periods:

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Related company which is a shareholder			
Purchase of services			
Hefei Haiheng Holding Group Co., Ltd.	89	116	103
	<u> </u>	<u> </u>	<u> </u>
Related company which is a shareholder subsidiary			
Purchase of services			
Hefei Haicheng Technology Industry Service Co., Ltd.	872	357	358
	<u> </u>	<u> </u>	<u> </u>

The directors of the Company are of the opinion that the above transactions with related companies were conducted in the ordinary course of business with terms agreed mutually.

(b) Outstanding balances with related parties:

The Group

The Group had the following outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Related company which is a shareholder			
Trade related			
Other receivables			
Hefei Haiheng Holding Group Co., Ltd.	18	12	—
	<u> </u>	<u> </u>	<u> </u>
Related company which is a shareholder subsidiary			
Trade related			
Trade payables			
Hefei Haicheng Technology Industry Service Co., Ltd.	1	1	—
	<u> </u>	<u> </u>	<u> </u>

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(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	4,254	4,131	4,375
Performance related bonuses	2,166	1,329	1,373
Share-based payments	77	267	55
Pension scheme contributions	300	270	269
Total compensation paid to key management personnel	<u>6,797</u>	<u>5,997</u>	<u>6,072</u>

Further details of directors’ and the chief executive’s emoluments are included in note 10 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
<i>Financial assets at fair value through profit or loss:</i>			
Financial investments at fair value through profit or loss	<u>1,158,181</u>	<u>867,886</u>	<u>763,995</u>
<i>Financial assets at amortised cost:</i>			
Trade receivables	5,250	33,537	75,689
Financial assets included in prepayments, other receivables and other assets	122	145	117
Pledged deposits	1	1	1
Cash and cash equivalents	<u>112,332</u>	<u>359,922</u>	<u>457,279</u>
Total	<u>1,275,886</u>	<u>1,261,491</u>	<u>1,297,081</u>
Financial liabilities			
<i>Financial liabilities at amortised cost:</i>			
Trade payables	9,078	6,007	31,217
Financial liabilities included in other payables and accruals	<u>6,380</u>	<u>14,359</u>	<u>22,990</u>
Total	<u>15,458</u>	<u>20,366</u>	<u>54,207</u>

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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

As at 31 December 2023

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial investments measured at fair value through profit or loss.	1,158,181	1,158,181

As at 31 December 2024

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial investments measured at fair value through profit or loss.	867,886	867,886

As at 31 December 2025

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial investments measured at fair value through profit or loss.	763,995	763,995

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables at amortised cost, trade payables, financial assets included in prepayments, other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The Group classifies certificates of deposit and structured deposits issued by banks in Chinese Mainland as financial assets at fair value through profit or loss and the fair value of these certificates of deposit and structured deposits is determined using a discounted cash flow valuation model based on observable market interest rates for instruments with similar terms and risk characteristics. There were no significant unobservable inputs to the valuation of financial instruments as at 31 December 2023, 2024 and 2025.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Financial instruments measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets			
Financial investments measured at fair value through profit or loss	—	1,158,181	—
	<u>—</u>	<u>1,158,181</u>	<u>—</u>
			<u>1,158,181</u>

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets			
Financial investments measured at fair value through profit or loss	—	867,886	—
	<u>—</u>	<u>867,886</u>	<u>—</u>
			<u>867,886</u>

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets			
Financial investments measured at fair value through profit or loss	—	763,995	—
	<u>—</u>	<u>763,995</u>	<u>—</u>
			<u>763,995</u>

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, time deposits, financial liabilities included in other payables and accruals and lease liabilities.

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The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the translated value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
	%	RMB’000
Year ended 31 December 2023.		
If RMB strengthens against USD.	5	(766)
If RMB weakens against USD.	(5)	766
Year ended 31 December 2024.		
If RMB strengthens against USD.	5	(743)
If RMB weakens against USD.	(5)	743
Year ended 31 December 2025.		
If RMB strengthens against USD.	5	(3,900)
If RMB weakens against USD.	(5)	3,900
If RMB strengthens against SGD.	5	(2)
If RMB weakens against SGD.	(5)	2

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	5,526	5,526
Financial assets included in prepayments, other receivables and other assets					
— Normal**	128	—	—	—	128
Pledged deposits	1	—	—	—	1
Cash and cash equivalents	112,332	—	—	—	112,332
	<u>112,461</u>	<u>—</u>	<u>—</u>	<u>5,526</u>	<u>117,987</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	35,302	35,302
Financial assets included in prepayments, other receivables and other assets					
— Normal**	153	—	—	—	153
Pledged deposits	1	—	—	—	1
Cash and cash equivalents	359,922	—	—	—	359,922
	<u>360,076</u>	<u>—</u>	<u>—</u>	<u>35,302</u>	<u>395,378</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	79,673	79,673
Financial assets included in prepayments, other receivables and other assets					
— Normal**	123	—	—	—	123
Pledged deposits	1	—	—	—	1
Cash and cash equivalents	457,279	—	—	—	457,279
	<u>457,403</u>	<u>—</u>	<u>—</u>	<u>79,673</u>	<u>537,076</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

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Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 5.61%, 23.92% and 0% of the Group’s trade receivables were due from the Group’s largest customer, and 8.30%, 62.71% and 45.72% of the Group’s trade receivables were due from the five largest customers, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group’s objective is to maintain continuity of funding.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,078	—	—	—	9,078
Financial liabilities included in other payables and accruals	6,380	—	—	—	6,380
Lease liabilities	531	558	—	—	1,089
	<u>15,989</u>	<u>558</u>	<u>—</u>	<u>—</u>	<u>16,547</u>
As at 31 December 2024					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	6,007	—	—	—	6,007
Financial liabilities included in other payables and accruals	11,672	2,687	—	—	14,359
Lease liabilities	538	—	—	—	538
	<u>18,217</u>	<u>2,687</u>	<u>—</u>	<u>—</u>	<u>20,904</u>
As at 31 December 2025					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	31,217	—	—	—	31,217
Financial liabilities included in other payables and accruals	14,367	—	2,687	—	17,054
	<u>45,584</u>	<u>—</u>	<u>2,687</u>	<u>—</u>	<u>48,271</u>

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Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total liabilities	57,071	70,560	98,520
Total assets	1,486,537	1,502,360	1,658,010
Gearing ratios.	4%	5%	6%

39. EVENTS AFTER THE RELEVANT PERIODS

On 8 December 2025, the Board of Directors has approved the cancellation of 286 Type I Restricted Shares granted under the 2024 share incentive scheme in the general meetings of the Company due to the applicable performance vesting conditions not being met. Such cancellation were completed on 9 February 2026.

On 9 April 2026, the Board of Directors approved the issuance of the ordinary shares under the Company’s 2024 share incentive scheme as Type II Restricted Shares, and on 13 May 2026, a total of 399,603 shares were issued by the Company.

On 9 April 2026, the Board of Directors approved the proposed profit distribution for the year ended 31 December 2025. This proposal was subsequently approved at the general meeting on 30 April 2026. On 15 June 2026, the Company announced a cash dividend of RMB138,174,000 was distributed and 53,143,924 shares were issued through a transfer of share premium into share capital on a basis of four new shares for every ten existing shares.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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SUMMARY OF ARTICLES OF ASSOCIATION

This appendix mainly provides [REDACTED] with a summary of the Articles of Association. As the following information is in summary form, it does not include all information that may be important to [REDACTED].

SHARES AND REGISTERED CAPITAL

The issuance of the Company’s shares follows the principles of openness, fairness, and justice. Each share of the same category shall have equal rights. Shares of the same category issued at the same time shall be issued under the same terms and at the same price; the same price shall be paid for each of the shares subscribed for by subscribers.

The Company may, upon filing to the China Securities Regulatory Commission (the “CSRC”), issue shares to domestic investors and overseas investors. Shareholders of domestic shares and shareholders of overseas listed foreign shares are both ordinary shareholders, and shall have the same rights and bear the same obligations.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with laws and regulations, and upon resolutions passed by the Shareholders’ general meetings:

- (I) issuance of Shares to unspecified parties;
- (II) issuance of Shares to specific parties;
- (III) distributing bonus Shares to existing shareholders;
- (IV) Converting capital reserve into share capital;
- (V) other methods approved by laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

When reducing the Company’s registered capital, the Company shall prepare a balance sheet and an inventory of assets.

The Company shall notify the creditors within ten days from the date of passing the resolution of reducing the registered capital at the Shareholders’ general meetings and publish the announcement in the newspaper or on the websites at <https://bt.gsxt.gov.cn/index.html> and www.hkexnews.hk within thirty days. The creditors shall, within thirty days from the date of receipt of the notice, and those having not received the notice shall, within forty-five days from the date of the announcement, be entitled to request the Company to repay its debts or provide corresponding guarantee.

Repurchase of Shares

The Company shall not repurchase its own shares except under the following circumstances:

- (I) To reduce the Company’s registered capital;
- (II) To merge with another company holding the Company’s shares;

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- (III) To use the shares for employee stock ownership plans or equity incentives;
- (IV) To repurchase shares at the request of shareholders who object to the resolutions on the Company's merger or division made by the Shareholders' general meetings;
- (V) To use the shares for conversion of convertible corporate bonds issued by the Company into shares;
- (VI) As necessary for the Company to maintain the Company's value and safeguard shareholders' rights and interests.

The Company may repurchase its own shares by means of public centralized trading, or other means approved by the laws, regulations or the securities regulatory authorities, subject to compliance with the applicable securities regulatory rules of the place where the shares of the Company are listed. Where the Company purchases its shares under the circumstances prescribed in items (III), (V) and (VI) above, such purchase shall proceed through public centralized trading, provided that the Company complies with the applicable securities regulatory rules of the place where the shares of the Company are listed.

A resolution shall be passed at the Shareholders' general meetings when the Company is to repurchase its own shares under the circumstances stipulated in items (I) and (II) above. In case of the circumstances stipulated in items (III), (V) and (VI) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting according to the provisions of the Articles of Association or as authorized by the shareholders' general meetings., provided that it complies with the securities regulatory rules of the place where the shares of the Company are listed.

After the Company has repurchased its own shares in accordance with the above requirements, the shares so repurchased shall be cancelled within ten days from the date of purchase (under the circumstance set out in (I) above), or shall be transferred or cancelled within six months (under the circumstances set out in items (II) and (IV) above). In case of the circumstances set out in items (III), (V) and (VI), the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws.

Shares issued before the Company's public offering shall not be transferred within one year from the date the Company's shares are listed and traded on the stock exchange.

Directors and senior management of the Company shall report to the Company their shareholdings and any changes therein. During their term of office determined upon taking office, they shall not transfer more than 25% of the total number of shares of the same category they hold in the Company each year; the shares they hold in the Company shall not be transferred within one year from the date the Company's shares are listed and traded. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions. Where the securities regulatory rules of the place where the shares of the Company are listed provide otherwise in respect of the restrictions on transfer of shares, such relevant rules shall also be complied with.

Any gains from sale of the Company's shares or other securities with an equity nature by the shareholders holding 5% or more of Shares, Directors and senior management of the Company within six months after their purchase of the same, or any gains from the purchase of the shares or other

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securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be paid to the Company, and the Board of the Company shall be responsible for recovering such gains from the abovementioned parties, except for the holding by a securities company of 5% or more of the Company’s shares as a result of its undertaking of the untaken shares in an offer, or such other circumstances as prescribed by the CSRC or the securities regulatory rules of the place where the shares of the Company are listed. The abovementioned shareholders holding 5% or more of the Company’s shares do not include recognized clearing houses and their nominees as defined in the relevant regulations in force from time to time under the laws of Hong Kong.

Transfer of any H Shares shall be effected by a written instrument of transfer in a general or standard format or any other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time) and such an instrument of transfer may only be signed by hand or affixed with the Company’s official seal if the transferor or transferee is a corporation. If the transferor or transferee is a recognized clearing house (“**Recognized Clearing House**”) or its agent thereof as defined under the relevant provisions of the Hong Kong laws in force from time to time, the instrument of transfer may be signed by hand or by machine imprinted signatures. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETING

General Provisions of Shareholders

The Company shall establish a register of members based on the certificates provided by the securities registration and clearing authorities. The register of members is conclusive evidence of shareholders’ ownership of the Company’s shares.

Shareholders shall enjoy rights and bear obligations according to the types of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and bear the same obligations. The original register of members for H Shares listed in Hong Kong shall be kept in Hong Kong for inspection by shareholders, provided that the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- (II) the right to lawfully request to hold, convene, preside over, attend or appoint a proxy to attend shareholders’ general meetings, to speak at the shareholders’ general meetings and to exercise the relevant voting right (unless individual shareholders are required to abstain from voting on specific matters due to securities regulatory rules or applicable laws and regulations in the jurisdiction where the company’s shares are listed);
- (III) the right to supervise the operations of the Company and to put forward proposals and raise inquiries;
- (IV) right to transfer, donate or pledge Shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;

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- (V) to inspect and copy the Articles of Association, register of members, minutes of Shareholders' general meetings, resolutions of Board meetings and financial accounting reports; shareholders who are in compliance with the provisions may inspect the Company's accounting books and accounting evidence;
- (VI) in the event of termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of Shares held;
- (VII) with respect to shareholders who voted against any resolution adopted at the Shareholders' general meetings on the merger or division of the Company, to request the Company to repurchase the Shares held by them;
- (VIII) other rights prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association of the Company.

If the content of the resolutions of the Company's Shareholders' general meetings or the Board violates laws or administrative regulations, shareholders have the right to request the people's court to determine the invalidity of the resolutions.

If the procedures for convening the Shareholders' general meetings or the Board meetings or the voting methods violate laws, administrative regulations, or the Articles of Association, or if the content of the resolutions violates the Articles of Association, shareholders have the right to request the people's court to revoke the resolutions within 60 days from the date the resolutions are made. However, if the procedures for convening the Shareholders' general meetings or the Board meetings or the voting methods have only minor defects and do not have a substantial impact on the resolutions, this provision does not apply.

Where the Board, shareholders and other relevant parties dispute the validity of a resolution of a Shareholders' general meetings, they shall promptly file a lawsuit with the people's court. The relevant parties shall implement the resolution of the Shareholders' general meetings until the people's court makes a judgement or ruling, such as revocation of the resolution. The Company, its Directors and senior management shall diligently perform their duties to ensure the normal operation of the Company.

Where the people's court renders a judgment or ruling on the relevant matter, the Company shall perform its information disclosure obligations in accordance with the laws, administrative regulations, and the requirements of the CSRC and the securities regulatory rules of the place where the shares of the Company are listed, fully explain the impact, and actively cooperate with the execution once the judgment or ruling becomes effective. If it is necessary to rectify previous matters, the Company shall handle such matters in a timely manner and fulfil the corresponding information disclosure obligations.

Shareholders of the Company shall bear the following obligations:

- (I) To comply with laws, administrative regulations and the Articles of Association;
- (II) To pay the share price according to the shares they subscribe for and the method of subscription;
- (III) Not to withdraw their capital except in circumstances stipulated by laws and regulations;

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- (IV) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company’s independent legal person status and shareholders’ limited liability to damage the interests of the Company’s creditors;
- (V) Other obligations stipulated by laws, administrative regulations and the Articles of Association.

The Controlling Shareholders and Actual Controllers

The Controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

- (I) to exercise their rights as shareholders in accordance with the laws and not to abuse their control or use their related relationship to prejudice the legitimate interests of the Company or other shareholders;
- (II) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (III) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure, and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (IV) not to appropriate the Company’s funds in any way;
- (V) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (VI) not to make use of the Company’s undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (VII) not to prejudice the legitimate interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (VIII) to ensure the integrity of the Company’s assets and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (IX) laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, and other requirements of the Articles of Association.

If a Controlling Shareholder or actual controller of the Company does not act as a Director of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association on the duties of loyalty and diligence of Directors shall apply.

Where a Controlling Shareholder or actual controller of the Company instructs a Director or senior management member to engage in an act that is detrimental to the interests of the Company or its shareholders, he/she shall bear joint and several liability with the Director or senior management member.

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The term “related transactions” in the Articles of Association encompasses “connected transactions” as defined in the Hong Kong Listing Rules; where “related parties” and “related persons” encompasses “connected persons” as defined in the Hong Kong Listing Rules.

General Provisions of Shareholders’ General Meetings

The Shareholders’ general meeting is the organ of the authority of the Company, which exercises the following functions and powers in accordance with laws:

- (I) to elect and replace Directors who are not representatives of the employees and decide on matters concerning Directors’ remuneration;
- (II) to consider and approve reports of the Board;
- (III) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions on the increase or decrease of the registered capital of the Company;
- (V) to make resolutions on the issuance of corporate bonds;
- (VI) to make resolutions on matters such as the merger, division, dissolution, liquidation, or change of corporate form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to make resolutions on the appointment and dismissal of an accounting firm engaged in the audit work of the Company;
- (IX) to consider and approve the guarantees under the terms of reference;
- (X) to consider matters relating to the purchases and disposals of material assets, which the total value of assets purchased or sold by the Company or the amount of the transaction calculated cumulatively within twelve consecutive months exceed 30% of the latest audited total assets of the Company, within one year;
- (XI) to consider and approve any change of the use of proceeds raised;
- (XII) to consider equity incentive plans and employee stock ownership plans;
- (XIII) to consider matters in which there are less than three non-related directors present at the meeting where the Board considered a related transaction;
- (XIV) The company entered into any of the following transactions:
 - 1. the total value of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounted for more than 50% of the latest audited total assets of the Company;
 - 2. the amount of transaction accounted for more than 50% of the Company’s market value;

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3. the net assets of the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 50% of the Company’s market value;
4. the operating income related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 50% of the audited operating income, exceeding RMB50 million, for the latest accounting year of the Company;
5. the profit generated from the transactions accounted for more than 50% of the audited net profit, exceeding RMB5 million, for the latest accounting year of the Company;
6. the net profit related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 50% of the audited net profit, exceeding RMB5 million, for the latest accounting year of the Company.

(XV) to consider transactions which the amount of transaction (except for the provision of guarantee) between the Company and the related parties accounted for more than 1% of the latest audited total assets or market value of the Company, exceeding RMB30 million;

(XVI) to consider financial assistance matters which shall be approved by the Shareholders’ general meetings;

(XVII) to consider such other matters which shall be resolved at the Shareholders’ general meetings as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The Shareholders’ general meetings may authorize the Board to make resolutions on the issuance of corporate bonds.

The abovementioned “transactions” include purchase or sale of assets; external investments (except for the purchase of bank wealth management products with low risk); transfer or accept R&D projects; entering into license agreements; lease-in or lease-out of assets; to entrust or accept entrusted management of assets and businesses; give gift or accept gift of assets; restructuring of creditors’ rights and debts; to waive the rights (including waiver of right of first refusal and pre-emptive right), etc.

The following circumstances of financial assistance shall be considered by the Shareholders’ general meetings upon consideration and approval by the Board:

1. a single financial assistance amount exceeds 10% of the Company’s latest audited net assets;
2. the latest financial statements of the recipient show that its asset-liability ratio exceeds 70%;
3. the cumulative amount of financial assistance within the last 12 months exceeds 10% of the Company’s latest audited net assets;
4. other circumstances as stipulated by the stock exchange or the Articles of Association.

The following circumstances of guarantees shall be considered by the Shareholders’ general meetings upon consideration and approval by the Board:

1. any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;

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2. any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 30% of the latest audited total assets;
3. a guarantee provided to a guaranteed party whose asset-liability ratio exceeds 70%;
4. a single guarantee with an amount exceeding 10% of the latest audited net assets;
5. a guarantee provided to Shareholders, actual controllers, and their related parties;
6. any guarantee exceeds 30% of the Company's latest audited total assets in accordance with the principle of cumulative calculation of the guarantee amount for 12 consecutive months;
7. other guarantees as prescribed by laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the shares of the Company are listed.

When the guarantee specified in item (6) above is considered at the shareholders' general meeting, it shall be approved by more than two-thirds of voting rights held by the shareholders attending the meeting.

The shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within 6 months after the end of the previous accounting year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date upon which the circumstance occurs:

- (I) when the number of directors falls short of the number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;
- (III) when shareholders individually or jointly holding 10% or more of the Company's shares request;
- (IV) when the Board deems necessary;
- (V) when proposed by the Audit Committee;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules, or the Articles of Association.

Convening of Shareholders' General Meeting

The Shareholders shall convene an extraordinary general meeting when:

Any shareholders individually or jointly holding 10% or more of the Shares of the Company shall request in writing the Board to convene an extraordinary general meeting. The Board shall, in accordance with laws, administrative regulations, and the Articles of Association, furnish a written reply to such shareholders stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days upon receipt of such requisition.

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In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such a meeting shall be given within 5 days after the relevant Board resolution is passed and consent of the relevant shareholders shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Board disagrees to convene an extraordinary general meeting or does not furnish any reply within 10 days upon receipt of such requisition, shareholders individually or jointly holding 10% or more of the Shares of the Company shall make a request in writing when proposing to the Audit Committee to convene the extraordinary general meeting.

In the event that the Audit Committee agrees to convene an extraordinary general meeting, a notice for convening such a meeting shall be given within 5 days upon receipt of such requisition and consent of the relevant shareholders shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Audit Committee fails to issue any notice of a shareholders' general meeting within the prescribed period, the Audit Committee shall be deemed not to convene and preside over such meeting, in which case the shareholders individually or jointly holding 10% or more of the Shares of the Company for over 90 consecutive days may convene and preside over such a meeting in person.

The Shareholders convene a shareholders' general meeting:

The Board shall timely convene a shareholders' general meeting within the timeframe as required.

With the approval by a majority of all independent Directors, an independent Director has the right to propose to the Board to convene an extraordinary general meeting. In respect to the proposal by the independent Director for convening an extraordinary general meeting, the Board shall, in accordance with laws, administrative regulations, and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general meeting within 10 days upon receipt of such proposal.

In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such a meeting shall be given within 5 days after the relevant Board resolution is passed; In the event that the Board disagrees to convene an extraordinary general meeting, its reasons shall be given, and an announcement shall be made.

The Audit Committee convenes an extraordinary general meeting:

The Audit Committee shall propose to the Board in writing to convene an extraordinary general meeting. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general meeting within 10 days upon receipt of such proposal.

In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be given within 5 days after the relevant Board resolution is passed and consent of the Audit Committee shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Board disagrees to convene an extraordinary general meeting or does not furnish any reply within 10 days upon receipt of such proposal, the Board is deemed to be unable or to have failed to perform the duty of convening a shareholders' general meeting, in which case the Audit Committee may convene and preside over such meeting by itself.

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If the Audit Committee or shareholders decide to convene the shareholders' general meeting by themselves, the Board shall be informed in writing, and it shall be filed with the stock exchange. Before the resolution of the shareholders' general meeting is announced, the shareholders convening the meeting shall hold no less than 10% of the Company's Shares. The Audit Committee or the convening shareholders shall submit relevant supporting materials to the stock exchange upon the issuance of the notice of the shareholders' general meeting and the announcement of the resolutions of the shareholders' general meeting.

The Board and the Secretary to the Board shall cooperate with the shareholders' general meetings convened by the Audit Committee or the shareholders on their own. The Board shall provide the register of members as at the record date. The Company shall bear the expenses necessary for the shareholders' general meetings convened by the Audit Committee or the shareholders on their own.

Proposals and Notices of Shareholders' General Meetings

When the Company convenes a shareholders' general meeting, the Board, the Audit Committee, and shareholders individually or jointly holding 1% or more of the Shares of the Company shall have the right to put forward proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Shares of the Company may submit written provisional proposals to the convener 10 days before the shareholders' general meeting is convened. The convener shall issue supplementary notice within 2 days upon receipt of such proposals to announce the content of such ad hoc proposal, and submit the provisional proposals to the shareholders' general meeting for consideration. However, provisional proposals that violate laws, administrative regulations, or the Articles of Association, or that do not fall within the terms of reference of the shareholders' general meeting, shall be excluded. If the shareholders' general meeting is required to be postponed due to the publication of a supplementary notice of the shareholders' general meeting in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed, the convening of the shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed.

The convener shall notify the shareholders by way of announcement at least 21 days prior to the convening of the annual general meetings, or by way of announcement at least 15 days prior to the convening of the extraordinary general meetings. A notice of the shareholders' general meeting shall include:

- (I) the time, venue, duration and means of the meeting;
- (II) the matters and proposals to be put forward for consideration at the meeting;
- (III) a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting, and the shareholders may appoint a proxy in writing to attend and vote at the shareholders' general meeting, and that such proxy need not be a shareholders of the Company;
- (IV) the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;
- (V) names and telephone numbers of the standing contact persons who handle the meeting affairs;
- (VI) the time and procedure of voting via the internet or any other manner;

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- (VII) other requirements stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

Any notice and supplementary notice of shareholders’ general meetings shall sufficiently and completely disclose specific contents of all proposals and all the information or explanations necessary for the shareholders to make informed judgment on the matters to be discussed.

After the notice of the shareholders’ general meeting is issued, the shareholders’ general meeting shall not be adjourned or cancelled without a proper reason, and the proposals stated in the notice of the shareholders’ general meeting shall not be cancelled. In the case of any adjournment or cancellation of the meeting, the convener shall make a public announcement stating the reasons therefor at least 2 business days prior to the date originally scheduled for convening the meeting.

Proxies of Shareholders’ General Meetings

All shareholders registered on the record date or their proxies are entitled to attend the shareholders’ general meeting. The shareholders may attend shareholders’ general meetings in person and may appoint a proxy to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company.

Individual shareholders attending the meeting in person shall present his/her identity document or other valid license or certificate that can prove his/her identity. Proxies appointed to attend the meeting shall present his/her valid identity document and power of attorney of shareholders.

A corporate shareholder shall attend the meeting by its legal representative or by proxies appointed by it. If a legal representative attends the meeting, he or she shall present his/her identity document and a valid certificate proving his/her qualification as a legal representative. Proxies appointed to attend the meeting shall present his/her identity document and written power of attorney issued by the legal representative of the corporate shareholder in accordance with the laws. Except for a Shareholder who is a Recognized Clearing House as defined in the relevant laws and regulations in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed and its proxy. A corporate shareholder who has appointed a proxy to attend any meeting shall be deemed to be present in person.

A power of attorney issued by a shareholder to entrust another person to attend the shareholders’ general meeting shall set forth the following:

- (I) name or title of the principal, and the class and quantity of Shares held in the Company;
- (II) name of the proxy;
- (III) the specific instructions of the shareholder, including instructions on vote for, against or abstain from voting on each matter to be considered at the shareholders’ general meeting;
- (IV) the issuing date and validity period of the power of attorney;
- (V) signature (or seal) of the principal. If the principal is a legal person shareholder, it shall be affixed with the seal of the legal person entity.

Where the power of attorney appointing a proxy is signed by another person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorization documents and the instrument

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appointing a proxy shall be kept at the domicile of the Company or at other places designated in the notice of the meeting. If the shareholder is a Recognized Clearing House (or its nominee), such shareholder may authorize one or more persons it thinks fit to act as its proxy or representative at any Shareholders’ general meeting or creditors’ meeting. However, if more than one person is authorized, the proxy form shall clearly state the number and class of shares represented by each of such proxies so authorized. The proxy forms shall be signed by the person authorized by the Recognized Clearing House. The proxies so authorized are entitled to exercise the rights on behalf of the Recognized Clearing House or its nominees (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its due authorization), and shall be entitled to the legal rights equivalent to those of the other shareholders, including the right to speak and vote, as if they were individual shareholders of the Company.

Holding of Shareholders’ General Meetings

The convener and the counsels appointed by the Company shall jointly verify the legality of the capacity of shareholders based on the register of shareholders as provided by the securities registration and clearing institution, and register the name of and number of voting shares held by each shareholder.

Where the shareholders’ general meeting requires Directors and senior management to attend the meeting, such Directors and senior management shall attend and be subject to shareholders’ inquiries.

The shareholders’ general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board is unable to perform or fails to perform his/her duties, more than one half of the Directors shall jointly elect a Director to preside over such meeting. A shareholders’ general meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable to perform or fails to perform his/her duties, more than one half of the members of the Audit Committee shall jointly elect a member of the Audit Committee to preside over such meeting. A shareholders’ general meeting convened by shareholders themselves shall be presided over by the convener or a representative elected by him/her.

When convening a shareholders’ general meeting, the chairman of the meeting is in violation of these rules of procedures, causing the meeting to be unable to be continued, subject to the agreement by over one half of the attending shareholders with voting rights at the meeting, the shareholders’ general meeting may elect a person as chairman of the meeting and continue with the meeting.

The Secretary to the Board shall be responsible for preparing minutes of each Shareholders’ general meeting. The convener of a Shareholders’ general meeting shall ensure the information contained in the minutes of the meeting is true, accurate and complete.

The convener of a Shareholders’ general meeting shall ensure the meeting proceeds continuously, until the final resolutions have been adopted, and if the meeting is discontinued or fails to adopt any resolution due to any force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as practicable or directly terminate the meeting, and announcements shall be made in a timely manner. Meanwhile, the convener shall report to the authorities delegated by the CSRC in the place where the Company is located and the stock exchange.

In the event that the shareholders’ general meeting of the Company fails to be held properly, or the validity of the resolution is disputed, an announcement shall be made in a timely manner to disclose the relevant matters, the claims of the disputing parties, the current status of the Company and other information that can help investors understand the actual situation of the Company, as well as the special legal opinion issued by the counsels.

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Voting and Resolutions at Shareholders' General Meetings

The resolutions of the shareholders' general meeting shall be classified as ordinary resolutions and special resolutions. Ordinary resolutions adopted by the shareholders' general meeting shall be passed by more than one half of the voting rights held by shareholders (including their proxies) attending the shareholders' general meeting. Special resolutions adopted by the shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the shareholders' general meeting.

The following resolutions shall be adopted as ordinary resolutions at a shareholders' general meeting:

- (I) work report of the Board;
- (II) profit distribution plans and loss recovery plans drafted by the Board;
- (III) appointment or dismissal of the members of the Board, and their payment and payment methods;
- (IV) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The following resolutions shall be adopted as special resolutions at a shareholders' general meeting:

- (I) increase or reduction of registered capital of the Company;
- (II) division, split, merger, dissolution and liquidation of the Company;
- (III) amendments to the Articles of Association;
- (IV) the major assets purchased or sold by the Company or the amount of guarantee provided to others within one year exceeding 30% of the Company's latest audited total assets;
- (V) equity incentive plans;
- (VI) other matters through an ordinary resolution of the shareholders' general meeting pursuant to the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association which are determined to materially affect the Company and need to be approved by a special resolution.

When a shareholder (including his/her proxies) exercises his/her voting rights based on the number of voting Shares which he/she represents, each share shall entitle him/her to one vote. Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Board of the Company, independent Directors, shareholders holding more than 1% of the shares with voting rights, or investor protection agencies established in accordance with laws, administrative regulations or the requirements by the CSRC may publicly solicit voting rights from shareholders.

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When any related transaction is to be deliberated at a shareholders’ general meeting, related shareholders shall abstain from voting on such matter, the voting shares represented by such shareholder shall not be counted in the valid total voting shares, and the announcement regarding the resolutions of the shareholders’ general meeting shall fully disclose the votes by the non-related shareholders.

No proposal deliberated at a shareholders’ general meeting shall be amended; otherwise, the relevant amendment shall be deemed a new proposal, which shall not be voted on at the same meeting.

The same vote may only be cast once on site, online or by other means, provided that if the same vote is cast more than once, only the first vote will be deemed valid. Unless otherwise provided in relevant laws and regulations and the listing rules of the stock exchange of the place of the place where the shares of the Company are listed, votes at a shareholders’ general meeting shall be cast in a registered manner.

When voting on any proposal at a Shareholders’ general meeting, the counsels and shareholders’ representatives shall jointly count and scrutinize the votes cast on such proposal. The voting results shall be declared at the meeting and recorded in the minutes of the meeting.

A shareholder attending any Shareholders’ general meeting shall vote for or against or abstain from voting on each proposal submitted to the meeting for voting, except the securities registration and clearing institution, as a nominee holder under the Mainland-Hong Kong Stock Connect Scheme, may make declarations according to the intentions of the actual holders.

Resolutions passed at a shareholders’ general meeting shall be announced promptly. The announcement shall set out the number of the shareholders and their proxies present at the meetings, the total number of voting shares represented by them and the proportion of the total number of the Company’s voting shares, the voting method, the voting result of each proposal and the details of each resolution passed, as well as other contents required by the CSRC or stock exchange.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions of Directors

Directors shall be elected or replaced at the Shareholders’ general meeting and may be removed at the Shareholders’ general meeting prior to the expiration of their term of office. Directors’ term of office shall be three years and they are eligible for re-election upon expiration of their term of office.

The senior management may serve as Directors concurrently, provided that the total number of Directors who are the senior management concurrently and Directors who are employee representatives shall not exceed one half of the total number of Directors of the Company.

Members of the Board may include employee representatives of the Company, who shall be democratically elected by the Company’s employee at the employee representative meeting, general employee meeting or otherwise. Employee representatives shall directly become part of the Board without submitting them to the Board for consideration.

A Director may submit his/her resignation to the Board in writing prior to the expiration of his/her term of office. The resignation of a Director shall take effect when the Board received his/her letter of resignation, the Board shall disclose the relevant information within two business days.

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In the event that the resignation of a director would result in the Board of the Company falling below the statutory minimum number, or the number of independent directors is less than the one-third of the members of the Board, or the resignation of an independent Director will result in the proportion of independent Directors on the special committees not complying with laws and regulations or the provisions of the Articles of Association, or there is no accounting professional among independent directors, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected directors assume their office.

Board of Directors

The Company shall establish a Board of Directors. The Board of Directors shall consist of 6 Directors, including 3 independent Directors and 1 chairman, who shall be elected by more than one half of all Directors by the Board.

The Articles of Association have no specific provisions in respect of the exercise of borrowing powers by the Directors, but there are relevant provisions in respect of the Board and the chairman of the Board's decisions on matters relating to the Company's external investment, acquisitions and sale of assets, asset mortgage, external guarantees, entrusted wealth management, related transactions and external donations within the scope of the authorization of the shareholders' general meeting.

The Board of Directors shall exercise the following functions and powers:

- (I) to convene shareholders' general meetings, and submit work reports to shareholders' general meetings;
- (II) to implement resolutions of shareholders' general meeting;
- (III) to determine business and investment plans of the Company;
- (IV) to formulate profit distribution plans and loss recovery plans of the Company;
- (V) to formulate proposals for the increase and reduction of registered capital, issuance of bonds or other securities, and the listing of the Company;
- (VI) to formulate proposals for material acquisitions, purchase of Shares of the Company, or merger, division, dissolution and change of the corporate form of the Company;
- (VII) to decide, within the scope of the authorization of the shareholders' general meeting, the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantees, entrusted wealth management, related transactions, external donations and other matters;
- (VIII) to make decisions on the establishment of internal management bodies of the Company;
- (IX) to appoint or dismiss the general manager and secretary to the Board of the Company, and decide on their remuneration and matters relating to awards and penalty, and based on the general manager's nominations to appoint or dismiss the deputy general manager, the chief financial officer or other senior management of the Company and decide on their remuneration and matters relating to awards and penalty;
- (X) to formulate the basic management systems of the Company;

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- (XI) to formulate proposals for any amendments to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to propose at shareholders' general meetings for the appointment or change of the accounting firms responsible for the auditing for the Company;
- (XIV) to hear the work reports of the general manager of the Company and inspect the work of the general manager;
- (XV) to establish special committees under the Board and elect its members in accordance with the Articles of Association or resolutions of the shareholders' general meetings;
- (XVI) other functions and powers conferred by laws, administrative regulations, departmental rules, or the Articles of Association.

Transactions that meet one of the following standards shall be considered by the Board:

- (I) Transactions of the Company, such as the purchase or sale of assets (excluding purchases of raw materials, fuels and power, and sales of products or commodities, and other transactional behaviors related to daily operations), external investments (except for the purchase of bank wealth management products with low risk); transferring or accepting R&D projects; entering into license agreements; lease-in or lease-out of assets; to entrust or accept entrusted management of assets and businesses; give gift or accept gift of assets; restructuring of creditors' rights and debts; to waive the rights (including waiver of right of first refusal and pre-emptive right, etc.), which meet the following standards:
 - 1. the total value of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounted for more than 10% of the latest audited total assets of the Company;
 - 2. the amount of transaction accounted for more than 10% of the Company's market value;
 - 3. the net assets of the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 10% of the Company's market value;
 - 4. the operating income related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 10% of the audited operating income, exceeding RMB10 million, for the latest accounting year of the Company;
 - 5. the profit generated from the transactions accounted for more than 10% of the audited net profit, exceeding RMB1 million, for the latest accounting year of the Company;
 - 6. the net profit related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for more than 10% of the audited net profit, exceeding RMB1 million, for the latest accounting year of the Company.
- (II) The Board shall consider the Company's financial assistance matters, in the event that the financial assistance matters reached the standard that should be submitted to the shareholders' general meeting for consideration as stipulated in the Articles of Association, such financial assistance matters shall be submitted to the shareholders' general meeting for consideration. The financial assistance matters within the scope of authorization of the Board

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shall also be approved by more than two-thirds of the directors present at the Board meeting, besides being approved by more than one half of all directors, and shall be disclosed in a timely manner.

- (III) The Board shall consider the Company's external guarantees matters, in the event that the external guarantees matters reached the standard that should be submitted to the shareholders' general meeting for consideration as stipulated in the Articles of Association, such external guarantees matters shall be submitted to the shareholders' general meeting for consideration. The external guarantees matters within the scope of authorization of the Board shall also be approved by more than two-thirds of the directors present at the Board meeting, besides being approved by more than one half of all directors, and shall be disclosed in a timely manner. The Company's provision of guarantees to related parties shall also be considered and approved by more than two-thirds of the non-related directors present at the Board meeting with the adoption of resolutions, besides being considered and approved by more than one half of all non-related directors.
- (IV) The Board shall consider the related transactions within the following scope of authorization (except for the provision of guarantees) and such related transactions shall be subject to the board deliberation procedures after being approved by more than one half of all independent directors, and shall be disclosed in a timely manner: transactions with related natural persons with a transaction amount of RMB300,000 or more; transactions with related legal persons with a transaction amount accounted for 0.1% or more of the Company's latest audited total assets or market value, exceeding RMB3 million.
- (V) The Board shall consider transactions within the scope of the Company's daily operations which meet one of the following standards (except for related transactions) and shall disclosure such transactions in a timely manner:
 - (1) the amount of transaction accounted for more than 50% of the Company's latest audited total assets, with an absolute amount exceeding RMB100 million;
 - (2) the amount of transaction accounted for more than 50% of the audited operating income, exceeding RMB100 million, for the latest accounting year of the Company;
 - (3) the total profit expected to be generated from the transactions accounted for more than 50% of the audited net profit, exceeding RMB5 million, for the latest accounting year of the Company;
 - (4) other transactions that may have a significant impact on the assets, liabilities, equity and results of operations of the Company.

The Board shall hold at least four regular meetings each year. The Board meetings shall be convened by the chairman of the Board, by giving fourteen days' written notice to all Directors.

The chairman of the Board shall, on requisition of the Shareholders representing one-tenth or more of the voting rights of the Company, or one-third or more of the Directors, or the Audit Committee, convene and preside over an ad hoc Board meeting within ten days after receiving such requisition.

For the convening of ad hoc Board meetings, the Board shall notify all Directors in writing 5 days before the meeting. In the event that there are urgent circumstances that require an ad hoc board meeting, the investment and strategic development department may send a notice of such meeting by

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telephone or by other verbal means to convene such a meeting at any time. However, the convener shall make explanations at the meeting and shall ensure that directors attending the meeting have sufficient time to understand the content of the relevant proposals in order to make independent judgements.

Meetings of the Board shall be held only if more than half of the Directors are present. Any resolutions of the Board must be subject to adoption by a majority of all Directors. A Director shall have one vote when voting on a resolution of the Board.

If a director is related to the enterprises or individuals involved in the matters to be resolved at the Board meeting, he/she shall report to the Board in writing in a timely manner. Related directors shall not exercise voting rights on such resolutions, nor shall he/she act as a proxy to exercise voting rights on behalf of other directors, and his/her voting rights shall not be counted in the total number of voting rights. Such Board meeting may be held with the attendance of over one half of the directors without related relationship. Resolutions made by the Board meeting shall be adopted by over one half of the directors without related relationship. If the number of non-related directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders’ general meeting for consideration.

Independent Directors

Independent Directors shall conduct an annual self-examination of independence and submit the self-examination to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent Directors on an annual basis, which shall be disclosed at the same time with the annual report.

The independent Directors, as members of the Board, are obligated to be faithful and diligent to the Company and all shareholders and to perform the following duties prudently:

- (I) participate in Board decisions and express clear opinions on matters discussed;
- (II) supervise potential major conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior management, and protect the legitimate rights and interests of minority shareholders;
- (III) provide professional and objective advice on the Company’s operation and development to promote the improvement of the Board’s decision-making level;
- (IV) other duties as stipulated by laws and regulations, the CSRC, provisions of the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Independent directors shall exercise the following special functions and powers:

- (I) independently engage an intermediary agency to audit, consult or verify specific matters of the Company;
- (II) propose to the Board to convene an extraordinary shareholders’ meeting;
- (III) propose to convene a Board meeting;
- (IV) publicly solicit shareholder rights from shareholders in accordance with the laws;

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- (V) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (VI) other functions and powers as prescribed by laws and regulations, the CSRC, provisions of the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Where an independent director exercises the powers listed in items (I) to (III) of the preceding paragraph, it shall be subject to the approval of more than one half of all independent directors.

The following matters shall be submitted to the Board for deliberation after being approved by more than one half of all independent Directors of the Company:

- (I) related transactions that shall be disclosed;
- (II) programs for change or waiver of commitments by the Company and relevant parties;
- (III) decisions made and measures taken by the board of directors of a listed company acquired in response to acquisition;
- (IV) other matters prescribed by laws and regulations, the CSRC, provisions of the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association.

Chairman of the Board

The chairman of the Board shall exercise the following functions and powers:

- (I) to preside over the shareholders' general meeting and convene and preside over the Board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board;
- (III) to sign important documents from the Board and other documents that shall be signed by the chairman of the Board of the Company;
- (IV) in case of any extremely severe natural disaster, force majeure or emergency, to exercise the special right to dispose of the affairs of the Company for the benefit of the Company according to law, and report to the Board of the Company and the shareholders' general meeting afterwards;
- (V) other functions and powers delegated by the Board.

Where the chairman of the Board is unable or fails to perform his duties, a director shall be jointly elected by more than one half of the directors to perform the duties.

Special Committees of the Board of Directors

The Board of Directors established an Audit Committee, a Strategy Committee, a Nomination Committee, and a Remuneration and Appraisal Committee.

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The Audit Committee shall be composed of four non-executive Directors not serving as senior management of the Company, among whom three were independent Directors, with the convener being an accounting professional among the independent Directors. The Strategy Committee, and Remuneration and Appraisal Committee shall be composed of three Directors, while the Nomination Committee shall be composed of four Directors. The independent Directors among Nomination Committee and Remuneration and Appraisal Committee shall constitute the majority, with the convener being an independent Director.

Senior Management

The Company shall have one general manager who shall be nominated by the chairman of the Board and be appointed or dismissed by the Board. The Company shall have several deputy general managers, one chief financial officer and one secretary to the Board who shall be appointed or dismissed by the Board.

The tenure of office for the general manager shall be three years and is renewable upon reappointment.

The general manager is accountable to the Board and exercises the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions of the Board, and to report to the Board;
- (II) to organize the implementation of the Company's annual business plans and investment plans;
- (III) to formulate plans for the establishment of the Company's internal management bodies;
- (IV) to formulate the Company's basic management systems;
- (V) to formulate the rules and regulations of the Company;
- (VI) to propose to the Board the appointment or dismissal of the deputy general manager and chief financial officer of the Company;
- (VII) to decide on the appointment or dismissal of the management officers other than those required to be appointed or dismissed by the Board;
- (VIII) other functions and powers conferred by the Articles of Association or the Board of Directors.

The deputy general managers shall be nominated by the general manager and appointed by the Board. The deputy general managers shall assist the general manager and perform their specific duties in accordance with the work system of the general manager and other relevant requirements.

The Company shall have a Secretary to the Board, who shall be responsible for the preparation of the shareholders' general meeting and Board meeting of the Company, document keeping and management of shareholders' information of the Company and shall deal with information disclosure and other matters.

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The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Any senior management of the Company who fails to faithfully perform his/her duties or breaches the fiduciary duty shall indemnify the Company and the public shareholders for the damage arising therefrom in accordance with the laws.

Qualifications of Directors and Senior Management

The following person shall not serve as a director or senior management of the Company:

- (I) person without capacity or with limited capacity of civil conduct;
- (II) person who has committed offences relating to corruption, bribery, infringement of property, misappropriation of property or disruption of social economic order and has been sentenced to criminal punishment, or who has been deprived of his/her political rights due to a criminal offense, where less than 5 years has elapsed since the date of restoring his/her political rights, or who has been declared to be subject to suspended sentence, where less than 2 years has elapsed since the date of expiry of the probationary period for suspended sentence;
- (III) person who was a director, factory manager or manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) person who was a legal person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to violation of the law and who was personally liable, where less than 3 years has elapsed since the date of the revocation of business license or order to close down of the company or enterprise;
- (V) person who has a substantial number of debts due and outstanding and has been listed as a dishonest judgment defaulter by the People's Court;
- (VI) person who is subject to the CSRC's measures which prohibit him/her from entering into the securities market for a period which has not yet expired;
- (VII) person who has been publicly disqualified by a stock exchange from acting as a director or senior management of a listed company for a period which has not yet expired;
- (VIII) other circumstances specified by the laws, administrative regulations, or departmental rules.

Financial and Accounting Systems, Profit Distribution and Audit

Financial and Accounting Systems

Within 4 months from the date of the end of each accounting year, an annual report shall be submitted and disclosed to the agency of CSRC and the stock exchange, respectively. Within 2 months after the first half of each accounting year, an interim report shall be submitted and disclosed to the agency of CSRC and the stock exchange, respectively.

The annual and interim reports are prepared in accordance with relevant laws and regulations, and the requirements of the CSRC and the securities regulatory rules of the place where the shares of the Company are listed.

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The Company shall not keep accounts other than those provided by law. Any capital of the Company shall not be kept under any account opened in the name of any individual.

Profit Distribution

In distributing the after-tax profits of the current year, the Company shall allocate 10% of such profits into its statutory reserve funds. When the accumulative amount of the statutory reserve funds of the Company is 50% or more of its registered capital, further allocations are not required. After the allocation of its after-tax profits to its statutory reserve funds, the Company may also, by resolutions of the shareholders’ general meeting, allocate its after-tax profits to its discretionary reserve funds.

The Company’s Shares held by the Company shall not participate in any profit distribution.

The reserve funds of the Company shall be applied for making up for the losses of the Company, expansion of the Company’s production and operation, or converting into an increase in the registered capital of the Company. Where the statutory reserve funds are converted into an increase in the registered capital, the balance of the reserve funds shall not fall below 25% of the Company’s registered capital prior to such conversion.

The Company implements a proactive profit distribution policy and attaches great importance to reasonable and stable investment returns to investors while taking into account the sustainable development of the Company. The objective of the Company’s cash dividend policy is to establish a continuous and stable return mechanism for investors, taking into account its own profitability and the actual needs of its future business development strategy.

Internal Audit

The Company shall adopt an internal audit system and specify the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work. The Company’s internal audit institution shall monitor and inspect the Company’s business activities, risk management, internal control, financial information and other matters.

The internal audit institution shall be subject to the supervision and guidance by the Audit Committee in the monitoring and inspection of the Company’s business activities, risk management, internal control and financial information. Any relevant significant problems or clues identified by the internal audit institution shall be directly reported to the Audit Committee without delay.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that complies with the PRC Securities Law and the laws and regulations and securities regulatory rules of the place where the Shares of the Company are listed to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., with a term of one year, which is renewable.

The Company’s appointment, dismissal, or non-reappointment of an accounting firm shall be decided by the shareholders’ general meeting. The Board shall not appoint an accounting firm prior to the decision made by the shareholders’ general meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the appointed accounting firm without any refusal, concealment or misrepresentation.

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The remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided by the Shareholders’ general meeting.

A 10-day prior notice shall be given to the accounting firm if the Company decides to dismiss such accounting firm or not to renew the engagement thereof. The accounting firm is allowed to make representations when the shareholders’ general meeting of the Company conducts a vote on the dismissal of the accounting firm.

Where the accounting firm resigns, it shall make clear to the shareholders’ general meeting whether there has been any impropriety on the part of the Company.

Amendments to the Articles of Association

The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or relevant laws, administrative regulations and the securities regulatory rules of the place where the Shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and the securities regulatory rules of the place where the Shares of the Company are listed;
- (II) changes occur in the Company, resulting in inconsistency with the matters set out in the Articles of Association;
- (III) the shareholders’ general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders’ general meetings require the approval of the competent authorities, such amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration items of the Company, such changes shall be registered in accordance with laws.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established under the laws of the PRC with limited liability on November 29, 2006, and converted into a joint stock company with limited liability on September 18, 2015. The Company completed the listing of A Shares on the Shanghai Stock Exchange (stock code: 688486.SH) in February 2023.

We have registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 10, 2025, and have established a principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Mr. CHOW Tsz Ho (周梓浩) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in “Regulatory Overview” and “Appendix III — Summary of Articles of Association” in this document.

2. Changes in the Share Capital of Our Company

The following sets out the statutory changes in our Company’s share capital within the two years immediately preceding the issue of this document:

- (i) On June 17, 2025, the total issued share capital of our Company increased from 102,280,590 to 132,704,525, upon completion of the capitalization of capital reserve.
- (ii) On September 2, 2025, the total issued share capital of our Company increased from 132,704,525 to 133,327,968, upon the vesting of restricted Shares previously granted under the 2024 Restricted Shares Incentive Plan.
- (iii) On March 9, 2026, the total issued share capital of our Company decreased from 133,327,968 to 133,327,682, upon completion of the repurchase and cancellation of the restricted Shares previously granted but not vested under the 2024 Restricted Shares Incentive Plan.
- (iv) On May 6, 2026, the total issued share capital of our Company increased from 133,327,682 to 133,727,285, upon the vesting of restricted Shares previously granted under the 2024 Restricted Shares Incentive Plan. As of the Latest Practicable Date, our Company had not yet completed the industrial and commercial registration for the change in the registered capital. We expect to complete such registration in July 2026.

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- (v) On June 12, 2026, the total issued share capital of our Company increased from 133,727,285 to 186,871,209, upon completion of the capitalization of capital reserve. As of the Latest Practicable Date, our Company had not yet completed the industrial and commercial registration for the change in the registered capital. We expect to complete such registration in July 2026.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report in Appendix I to this document. There has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On December 8, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

- (a) the [REDACTED] of H Shares with a [REDACTED] of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be [REDACTED] pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed 10% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed 15% of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and
- (d) to authorize the Board and its authorized person to handle the matters relating to, among others, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

Our Group has entered into the following contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (a) [•]; and
- (b) the [REDACTED].

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STATUTORY AND GENERAL INFORMATION

2. Our Intellectual Property Rights

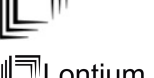
(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1	ClearEdge	9	Our Company	PRC	6980675	September 20, 2030
2		9	Our Company	PRC	6980676	November 13, 2030
3	 LONTIUM SEMICONDUCTOR	9	Our Company	PRC	8495585	September 27, 2031
4	 Lontium	9	Our Company	PRC	18736520	June 6, 2027
5	MasterBook	9	Our Company	PRC	26766643	January 27, 2029
6	LONTIUM SEMICONDUCTOR	9	Our Company	PRC	30889071	May 6, 2029
7	 Lontium	9	Our Company	Taiwan	01943843	September 30, 2028
8	 Lontium	9	Our Company	Japan	6192623	October 25, 2029
9	 Lontium	9	Our Company	Korea	40-1558909	December 30, 2029
10	 Lontium	9	Our Company	U.S.	6137232	August 25, 2030
11	Lontium	9	Our Company	PRC	42717272	November 27, 2030
12	Lontium	9	Our Company	PRC	38593178A	March 20, 2030
13	 Lontium	9	Our Company	PRC	38579900	May 13, 2030
14	Loontium	9	Our Company	PRC	38586676	February 13, 2030
15	Loontium	9	Our Company	PRC	38603341	February 27, 2030
16	Lontium	9	Our Company	PRC	38593178	March 6, 2031
17	Lontium	9	Our Company	Madrid	1616742	July 5, 2031
18	Lontium	42	Our Company	Singapore	40202327504T	December 11, 2033
19	 Lontium	9	Our Company	PRC	77647350	April 20, 2035
20	龙迅	9	Our Company	PRC	77639904	May 13, 2035

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No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
21		42	Our Company	PRC	75759307	July 20, 2035
22		42	Our Company	PRC	75765998	June 13, 2035
23		9	Shenzhen Lontium	PRC	16613305	May 20, 2036
24		9	Shenzhen Lontium	PRC	16613304	May 20, 2036
25		9	Advanced Chiplet	Singapore	40202423846T	October 17, 2034
26		9	Advanced Chiplet	Japan	6921113	April 18, 2035
27		9	Advanced Chiplet	Taiwan	02474396	August 15, 2035
28		9, 42	Our Company	Hong Kong	307033617	September 16, 2035
29		9	Our Company	PRC	87841525	April 13, 2036
30		9	Our Company	PRC	87823329	May 6, 2036
31		9	Our Company	Macao	N/246520	February 9, 2033
32		42	Our Company	Macao	N/246521	February 9, 2033
33		9	Our Company	Macao	N/246522	February 9, 2033
34		42	Our Company	Macao	N/246523	February 9, 2033

As of the Latest Practicable Date, we had applied for the registration of the following trademark which we consider to be material in relation to our business:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
1		9	Advanced Chiplet	Korea	40-2024-0191299	October 21, 2024

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(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Patent number	Place of application	Patent application date	Authorization announcement date
1	A method and apparatus for video clock recovery (一種視頻時鐘恢復的方法和裝置) . . .	Invention	Our Company	201610822836.9	PRC	September 13, 2016	April 5, 2019
2	A method and apparatus for generating a video clock (一種視頻時鐘的生成方法及裝置)	Invention	Our Company	201710624376.3	PRC	July 27, 2017	February 14, 2020
3	A conversion control circuit for MIPI C-Phy TX output state (一種MIPI C-Phy TX輸出狀態的轉換控制電路).	Invention	Our Company	201810149779.1	PRC	February 13, 2018	March 9, 2021
4	A serial-to-parallel and parallel-to-serial conversion multiplexing circuit (一種串並行轉換複用電路).	Invention	Our Company	201810630964.2	PRC	June 19, 2018	April 5, 2022
5	A video data processing apparatus and method (一種視頻數據處理裝置及方法) . . .	Invention	Our Company	202110601940.6	PRC	May 31, 2021	October 11, 2022
6	A data processing method and apparatus (一種數據處理方法及裝置).	Invention	Our Company	202110572128.5	PRC	May 25, 2021	June 9, 2023
7	An HDMI2.0 stimulus generator and stimulus generation method (一種HDMI2.0激勵生成器和激勵生成方法)	Invention	Our Company	202111507434.7	PRC	December 10, 2021	December 29, 2023
8	A method and apparatus for adjusting link parameters (一種鏈路參數調節方法及裝置). . .	Invention	Shenzhen Lontium	202210699851.4	PRC	June 20, 2022	January 30, 2024
9	A Fanless Laptop Computer and Laptop Computer (一種無芯筆記本電腦及筆記本電腦) . . .	Utility Model	Our Company	201820349162.X	PRC	March 14, 2018	September 14, 2018
10	A Signal Extension System (一種信號延長系統).	Utility Model	Shenzhen Lontium	201720903746.2	PRC	July 24, 2017	May 22, 2018
11	A GPIO Circuit Based on ESD Protection (一種基於ESD防護的GPIO電路).	Utility Model	Shenzhen Lontium	202221664192.2	PRC	June 30, 2022	October 14, 2022
12	A Data Clock Recovery Circuit and Its Phase Interpolator (一種資料時鐘恢復電路及其相位內插器)	Invention	Our Company	I622283	Taiwan	August 8, 2016	April 21, 2018
13	A Chip and a Digital Video Signal Transmission System (一種晶片、數位視訊信號傳輸系統).	Invention	Our Company	I634790	Taiwan	July 24, 2017	September 1, 2018

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No.	Patent	Patent type	Patentee	Patent number	Place of application	Patent application date	Authorization announcement date
14	A Method and System for Encrypting a Data Stream (一種資料流的加密方法及系統).	Invention	Our Company	I642293	Taiwan	July 27, 2016	November 21, 2018
15	A Coreless Notebook Computer and a Notebook Computer (一種無芯筆記型電腦及筆記型電腦).	Invention	Our Company	I678609	Taiwan	June 14, 2018	December 1, 2019
16	CLOCK AND/OR DATA RECOVERY	Invention	Our Company	US7991099B2	U.S.	April 2, 2008	August 2, 2011
17	CLOCK AND DATA RECOVERY CIRCUIT AND PARALLEL OUTPUT CIRCUIT.	Invention	Our Company	US8934591B2	U.S.	December 27, 2012	January 13, 2015
18	SIGNAL TRANSMISSION METHOD FOR USB INTERFACE AND APPARATUS THEREOF . . .	Invention	Our Company	US9104822B2	U.S.	February 7, 2013	August 11, 2015
19	CLOCK AND DATA RECOVERY CIRCUIT AND PHASE INTERPOLATOR THEREFOR	Invention	Our Company	US9800234B2	U.S.	July 27, 2016	October 24, 2017
20	METHOD AND SYSTEM FOR ENCRYPTING DATA SYSTEM.	Invention	Our Company	US10069807B2	U.S.	July 27, 2016	September 4, 2018
21	MATRIX SWITCHER	Invention	Our Company	US10397517B2	U.S.	June 13, 2018	August 27, 2019
22	TERMINATION RESISTOR CALIBRATION CIRCUIT AND CONTROL METHOD THEREOF	Invention	Our Company	US10193552B1	U.S.	June 25, 2018	January 29, 2019
23	STORAGE DEVICE AND METHOD FOR MANUFACTURING THE SAME	Invention	Our Company	US11216393B2	U.S.	May 12, 2020	January 4, 2022
24	POWER-ON RESET CIRCUIT	Invention	Our Company	US10707863B2	U.S.	August 29, 2019	July 7, 2020
25	SERIALIZER	Invention	Our Company	US11496706B2	U.S.	August 24, 2021	November 8, 2022
26	HIGH SPEED SIGNAL DRIVE CIRCUIT.	Invention	Our Company	US11108387B2	U.S.	December 23, 2019	August 31, 2021
27	METHOD AND SYSTEM FOR AUTOMATICALLY ADJUSTING INTENSITY OF SIGNAL OUTPUTTED BY HDMI TRANSMITTER	Invention	Our Company	US11463764B2	U.S.	January 15, 2021	October 4, 2022
28	DESERIALIZER	Invention	Our Company	US12339802B2	U.S.	November 9, 2023	June 24, 2025
29	MULTIMEDIA DATA TRANSMISSION APPARATUS AND METHOD	Invention	Our Company	US12375547B2	U.S.	November 9, 2023	July 29, 2025

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No.	Patent	Patent type	Patentee	Patent number	Place of application	Patent application date	Authorization announcement date
30	METHOD AND DEVICE FOR ENHANCING BRIGHTNESS AND CONTRAST OF VIDEO IMAGE	Invention	Shenzhen Lontium	US11205252B2	U.S.	December 16, 2019	December 21, 2021
31	FEC CODEC MODULE	Invention	Shenzhen Lontium	US11451246B1	U.S.	August 27, 2021	September 20, 2022
32	CONTROL METHOD AND DEVICE FOR BIDIRECTIONAL COMMUNICATION	Invention	Shenzhen Lontium	US11704266B2	U.S.	August 27, 2021	July 18, 2023
33	Method, Apparatus, and Main Control Terminal for Data Transmission	Invention	Our Company	6954576	Japan	October 7, 2019	October 4, 2021

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Registration date
1	Lontium Semiconductor Lontium LOGO mark (龍迅半導體 Lontium LOGO 標識) 	Our Company	2019-F-00853875	August 5, 2019
2	LT8668SXD – 8K Audio/Video HDMI-to-DP Embedded Software V1.0 (LT8668SXD-8K音視頻HDMI轉DP嵌入軟件V1.0)	Our Company	2022SR0080167	January 12, 2022
3	Lontium Automatic Programming Software V1.0 (龍迅自動燒錄軟件 V1.0)	Our Company	2022SR0080168	January 12, 2022
4	LT8668SX – 8K Audio/Video DP-to-HDMI Embedded Software (short name: 8K DP-to-HDMI Software) V1.0 (LT8668SX-8K音視頻DP轉HDMI嵌入軟件(簡稱: 8K DP轉HDMI軟件)V1.0)	Our Company	2022SR0139110	January 21, 2022
5	Lontium ATE Test Development Auxiliary Tool Software (short name: Test) V1.0 (龍迅ATE測試開發輔助工具軟件(簡稱: Test)V1.0)	Our Company	2022SR0139116	January 21, 2022
6	LT8668SXD – Video Cascade Splitting Embedded Software V1.0 (LT8668SXD-視頻級聯切割嵌入式軟件V1.0)	Our Company	2022SR1489211	November 10, 2022

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No.	Copyright	Registrant	Registration number	Registration date
7	LT8668SXD – Wireless Video Transmission Embedded Software V1.0 (LT8668SXD-視頻無線傳輸嵌入軟件V1.0)	Our Company	2022SR1489210	November 10, 2022
8	LT8711GX OSD Software V1.0 (LT8711GX OSD軟件V1.0)	Our Company	2023SR0064147	January 11, 2023
9	LT8711GXE PD3.X Control Software V1.0 (LT8711GXE PD3.X控制軟件V1.0)	Our Company	2023SR1109170	September 20, 2023
10	LT8668SXC – OSD Interface Embedded Software V1.0 (LT8668SXC-OSD界面嵌入軟件V1.0)	Our Company	2023SR1578752	December 7, 2023
11	LT8668SXD – Dynamic Stitching Embedded Software V1.0 (LT8668SXD-動態拼接嵌入軟件V1.0)	Our Company	2023SR1581834	December 7, 2023
12	Multi-Channel Input/Output Control Software V1.0 (多路輸入輸出控制軟件V1.0)	Our Company	2023SR1581829	December 7, 2023
13	Lontium EDID Editor Application Software V1.1 (Lontium EDID Editor 應用軟件V1.1)	Our Company	2023SR1666374	December 18, 2023
14	Lontium Simple SPC Software V1.0 (龍迅簡易SPC軟件V1.0)	Our Company	2025SR0205930	February 6, 2025
15	Lontium DMA Config Tool V1.0	Our Company	2025SR0205995	February 6, 2025
16	LT8668SXD – Type-C Display Trigger Embedded Software V1.0 (LT8668SXD-Type-C點屏嵌入軟件V1.0)	Our Company	2025SR0205964	February 6, 2025
17	LT8668SXD – Dual Type-C Output Embedded Software V1.0 (LT8668SXD-雙Type-C輸出嵌入軟件V1.0)	Our Company	2025SR0205967	February 6, 2025
18	Orcad Schematic Component Generation Tool Software V1.0 (Orcad原理圖器件生成工具軟件V1.0)	Our Company	2025SR0206031	February 6, 2025
19	UCD-500 Automated Test Software V2.2.0 (UCD-500自動化測試軟件V2.2.0)	Our Company	2025SR0205961	February 6, 2025
20	HDMI & DP Protocol Automated Test Software Based on M41H (M42De) Device V1.0 (基於M41H(M42De)設備的HDMI和DP協議自動化測試軟件V1.0)	Our Company	2025SR0205911	February 6, 2025
21	LT8712SX Driver Software V1.0 (LT8712SX驅動軟件V1.0)	Our Company	2025SR0267640	February 17, 2025
22	LT6911UXE Driver Software V2.8.4 (LT6911UXE驅動軟件V2.8.4)	Our Company	2025SR1422303	August 1, 2025
23	LT8631UXE Driver Software V1.0 (LT8631UXE驅動軟件V1.0)	Our Company	2025SR1568452	August 19, 2025

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No.	Copyright	Registrant	Registration number	Registration date
24	LT6711GX Driver Software V1.0 (LT6711GX驅動軟件V1.0)	Shenzhen Lontium	2023SR1578737	December 7, 2023
25	LT8668SX HDMI/DP-to-eDPx Driver Software V1.0 (LT8668SX HDMI/DP 轉eDPx驅動軟件V1.0)	Shenzhen Lontium	2023SR1578731	December 7, 2023
26	LT8644EX Matrix Control Software V1.0 (LT8644EX矩陣控制軟件V1.0) .	Shenzhen Lontium	2023SR1578723	December 7, 2023
27	LT8711UXC Control Software V1.0 (LT8711UXC控制軟件V1.0)	Shenzhen Lontium	2023SR1668535	December 18, 2023
28	Cable Tester Driver Software V1.0 (線 纜測試儀驅動軟件V1.0)	Shenzhen Lontium	2024SR0765825	June 5, 2024
29	LTMDTS Cable Tester Upgrade & Download Tool Software V1.0 (LTMDTS線纜測試儀升級下載工具 軟件V1.0)	Shenzhen Lontium	2024SR0765819	June 5, 2024
30	LT7911UXE Driver Software V1.0 (LT7911UXE驅動軟件V1.0)	Shenzhen Lontium	2024SR1372199	September 13, 2024
31	LT8713SX Driver Software V1.0 (LT8713SX驅動軟件V1.0)	Shenzhen Lontium	2024SR1375474	September 14, 2024
32	LT86121GXE 8K@30Hz Single-Network Extension Driver Software V1.0 (LT86121GXE 8K30Hz單網延長驅動軟件V1.0) . . .	Shenzhen Lontium	2024SR1373898	September 13, 2024
33	Lang Tian Mu Automatic Programming Platform Order Entry Tool Software (short name: LTMCP SO) V1.0 (朗田 畝自動燒錄平台訂單錄入工具軟 件(簡稱: LTMCP SO)V1.0)	Shenzhen Lontium	2025SR1478840	August 7, 2025
34	LT7911E Driver Software V1.0 (LT7911E驅動軟件V1.0)	Shenzhen Lontium	2025SR1499261	August 11, 2025
35	LT9611UXD Driver Software V1.0 (LT9611UXD驅動軟件V1.0)	Shenzhen Lontium	2025SR1500967	August 11, 2025
36	LT2611UXD Driver Software V1.0 (LT2611UXD驅動軟件V1.0)	Shenzhen Lontium	2025SR1501050	August 11, 2025
37	AD2428 Node Discovery and Configuration Software V1.0 (AD2428節點發現及配置軟件V1.0). .	Shenzhen Lontium	2025SR1539016	August 14, 2025
38	Lang Tian Mu Automatic Programming Platform Programming Management Software (short name: LTMCPSS) V1.0 (朗田畝自動燒錄平台燒錄管理 軟件(簡稱: LTMCPSS)V1.0)	Shenzhen Lontium	2025SR1539033	August 14, 2025
39	LVGL-XML Interface Generation System Software V1.0 (LVGL-XML 界面生成系統軟件V1.0)	Shenzhen Lontium	2025SR1600952	August 22, 2025

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(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1	lontiumsemi.com	Our Company	May 9, 2028
2	lontiumsemi-sz.com	Shenzhen Lontium	March 31, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the interests and/or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [REDACTED], are set out below:

(i) Interest in our Company

Name of Shareholder	Nature of interest ⁽¹⁾	Number of Shares held or interested	Description of Shares	Shareholding as of the Latest Practicable Date in total issued share capital of our Company	Shareholding upon completion of the [REDACTED] ⁽²⁾	
					in A Shares	in total issued share capital of our Company
Mr. FENG CHEN (陳峰)	Beneficial owner	70,060,963	A Shares	37.49%	[37.49]%	[REDACTED]%
	Interest in controlled corporation ⁽³⁾⁽⁴⁾	7,046,198	A Shares	3.77%	[3.77]%	[REDACTED]%
	Interest through voting rights entrustment arrangement ⁽⁵⁾	6,436,172	A Shares	3.44%	[3.44]%	[REDACTED]%
Mr. SU Jin (蘇進) .	Beneficial owner ⁽⁶⁾	512,405	A Shares	0.27%	[0.27]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

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- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [REDACTED]).
- (3) The executive partner of Xincaifu is Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the Shares held by Xincaifu.
- (4) As of the Latest Practicable Date, there were 867,474 A Shares repurchased and held in our Company’s stock repurchase account as Treasury Shares. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company under the SFO.
- (5) Pursuant to the voting rights entrustment agreement, the voting rights of the Shares held by Ms. Qiu have been irrevocably entrusted to Mr. Chen. For details, see “Relationship with Our Controlling Shareholders” in this document.
- (6) As of the Latest Practicable Date, Mr. SU Jin (蘇進) was interested in 496,644 A Shares and 15,761 A Shares underlying the restricted Shares granted to him under the 2024 Restricted Shares Incentive Plan.

(ii) Interest in our associated corporations

So far as our Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), have an interest or short position in the shares or underlying shares of any member of our Group which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

2. Directors’ Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts are for a term of three years and may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

For details of our Directors’ emoluments during the Track Record Period, see note 10 to the Accountants’ Report in Appendix I to this document.

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D. 2024 RESTRICTED SHARES INCENTIVE PLAN

The following is a summary of the principal terms of the 2024 Restricted Shares Incentive Plan approved by our Shareholders on January 29, 2024. Given no further restricted Shares will be granted under the 2024 Restricted Shares Incentive Plan after the [REDACTED], the terms of the 2024 Restricted Shares Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) *Purpose*

The purpose of the 2024 Restricted Shares Incentive Plan is to further establish and improve a long-term incentive mechanism, attract and retain outstanding talent, fully motivate the Directors, senior management, core technical personnel and other employees whom the Board considers necessary to incentivize, and effectively align the interests of the Shareholders, our Company and its core team, thereby ensuring that all parties focus on the long-term development of our Company and enhancing our Company’s market competitiveness and sustainable development capability.

(b) *Administration*

The 2024 Restricted Shares Incentive Plan is administered by the Board, and subject to approval by the general meeting of Shareholders for its implementation, amendment, and termination.

(c) *Participants*

The participants under the 2024 Restricted Shares Incentive Plan comprise the Directors, senior management, core technical personnel and other employees whom the Board considers necessary to incentivize, but exclude the independent Directors, supervisors, shareholders who individually or collectively hold 5% or more of our Shares, the actual controller(s) and their respective spouse, parents and children.

(d) *Source and maximum number of Shares*

Pursuant to the 2024 Restricted Shares Incentive Plan, there are two types of restricted Shares, namely type I restricted Shares (the “**Type I Restricted Shares**”) and type II restricted Shares (the “**Type II Restricted Shares**”).

Type I Restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated under the 2024 Restricted Shares Incentive Plan. Type II Restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated under the 2024 Restricted Shares Incentive Plan. The grantees of Type I Restricted Shares or Type II Restricted Shares shall be entitled to receive newly issued A Shares, with certain restrictions stipulated under the 2024 Restricted Shares Incentive Plan.

The initial maximum number of restricted Shares that can be granted under the 2024 Restricted Shares Incentive Plan is 1,385,200 A Shares, including 6,000 Type I Restricted Shares and 1,379,200 Type II Restricted Shares.

(e) *Date of grant and term*

The date on which the restricted Shares are granted shall be determined by our Board after the approval of the 2024 Restricted Shares Incentive Plan by our Shareholders’ meeting and shall be a trading day. The initial grant of restricted Shares to the participants shall be determined, announced and registered within 60 days upon approval of the 2024 Restricted Shares Incentive Plan by our Shareholders’ meeting. The Type I Restricted Shares under the 2024 Restricted Shares Incentive Plan

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are valid for a maximum of 48 months from the date of completion of the grant registration until the release of all restricted shares or their cancellation/repurchase. The Type II Restricted Shares under the 2024 Restricted Shares Incentive Plan are valid for a maximum of 60 months from the grant date until full vesting or lapse.

(f) Lock-up requirements for Directors and the senior management

If the grantee is a Director or a senior management of our Company, the Shares to be transferred each year shall not exceed 25% of the total Shares he or she holds, and no Share held by such Director or senior management shall be transferred within six months after termination of his or her employment with the Company. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the revised laws and regulations.

(g) Conditions to the grant of restricted Shares

The restricted Shares (including the Type I Restricted Shares and the Type II Restricted Shares) under the 2024 Restricted Shares Incentive Plan shall be granted to eligible participants if the following conditions are fulfilled:

- (a) with respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to our Company’s accountants’ report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to internal control contained in accountants’ report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [REDACTED];
 - (4) applicable laws and regulations prohibit the implementation of any share incentive plan; or
 - (5) any other circumstances determined by the CSRC.
- (b) with respect to the grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

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- (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
- (5) the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or
- (6) any other circumstances determined by the CSRC.

(h) Unlocking and vesting of restricted Shares

The lock-up period or vesting period (where applicable) for Type I Restricted Shares or Type II Restricted Shares commences from completion date of registration of grant to the grantee and the interval between the grant date and the date of unlocking or vesting of the Restricted Shares shall be 12 months. The restricted Shares will be unlocked or vested in tranches of 30%, 30% and 40% in each of the three lock-up or vesting periods that occur between the first trading date after the 12-month anniversary from the date of grant and the lasting trading date up to the 48-month anniversary of the date of grant. During the lock-up period or vesting period (where applicable), the restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt.

In addition, the restricted Shares will only be unlocked or vested when (a) the conditions set out under paragraph (g) above are fulfilled; and (b) the annual assessment and performance targets as set out under the 2024 Restricted Shares Incentive Plan are achieved. The final number of unlocked or vested restricted Shares will be subject to the internal assessment of individual performance.

None of the restricted Shares granted shall be unlocked or vested during certain periods (a) prior to and/or following (i) the publication of financial reports and/or announcement of results announcement; or (ii) any event or decision that may have a material impact on the share price of our Company; or (b) as prescribed by the CSRC and the Shanghai Stock Exchange. The grantees shall pay the grant price upon fulfilment of the respective grant conditions or vesting conditions (where applicable) of the restricted Shares granted to subscribe for the underlying A Shares to be issued by our Company.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

(i) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2024 Restricted Shares Incentive Plan was 1,441,992, representing approximately [REDACTED]% of the total issued Shares immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]).

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The following table sets out the number of outstanding restricted Shares granted to our Directors, senior management or connected persons of our Company under the 2024 Restricted Shares Incentive Plan as at the Latest Practicable Date:

Name of grantee	Position in our Company	Number of outstanding restricted Shares ⁽¹⁾	Initial grant price	Date of grant	Approximate percentage of issued share capital upon completion of the [REDACTED] ⁽¹⁾
Mr. SU Jin (蘇進)	Executive Director and deputy general manager of the Company	11,313 Type I Restricted Shares	RMB70	January 29, 2024	[REDACTED]%
Mr. WEI Yongxiang (韋永祥) . . .	Finance director	10,774 Type II Restricted Shares	RMB70	January 29, 2024	[REDACTED]%
Ms. ZHAO Yu (趙彧)	Secretary of our Board	10,774 Type II Restricted Shares	RMB70	January 29, 2024	[REDACTED]%
Ms. YANG Kaiyun (楊開雲) . . .	Supervisor of Shenzhen Lontium	10,774 Type II Restricted Shares	RMB70	January 29, 2024	[REDACTED]%

Note:

- (1) The calculation is based on the assumption that the [REDACTED] is not exercised, and no additional Shares are issued pursuant to our 2024 Restricted Shares Incentive Plan. The amounts have been adjusted based on the capital surplus capitalization ratio for June 2026.

The following table sets forth the number of outstanding restricted Shares granted to other grantees (excluding Directors and senior management of our Company) under the 2024 Restricted Shares Incentive Plan as of the Latest Practicable Date:

Number of grantees	Date of grant	Number of outstanding restricted Shares ⁽¹⁾	Initial grant price	Lock-up or vesting period	Approximate percentage of issued share capital upon completion of the [REDACTED] ⁽¹⁾
119	January 29, 2024	1,220,197 Type II Restricted Shares	RMB70	12–48 months	[REDACTED]%
88	January 27, 2025	178,160 Type II Restricted Shares	RMB55	12–36 months	[REDACTED]%

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

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2. Litigation

As of the Latest Practicable Date, so far as our Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of our Group.

3. Sole Sponsor

Th Sole Sponsor has made an [REDACTED] on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED] in, the H Shares in [REDACTED] and to be [REDACTED] pursuant to the [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a total fee of US\$300,000 for acting as a sponsor for the [REDACTED].

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2025, being the end of the period reported on in the Accountants’ Report in Appendix I to this document, and up to the date of this document.

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under SFO)
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Shanghai Allbright Law Offices	Legal advisers to our Company as to PRC Laws
Commerce & Finance Law Offices	Legal advisers to our Company as to International Sanctions Laws
Frost & Sullivan	Independent industry consultant

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the [REDACTED] and the [REDACTED].

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

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6. Promoter

The promoters of our Company are all of the 15 then shareholders of our Company immediately before our conversion into a joint stock company with limited liability. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED].

7. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. Binding Effect

This document shall have the effect, where an [REDACTED] is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in “— E. Other Information — 5. Qualification and Consent of Experts” in this section have received any such payment or benefit;
 - (ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;
 - (iii) none of our Directors or the experts named in “— E. Other Information — 5. Qualification and Consent of Experts” in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and
 - (iv) no commissions (but not including [REDACTED] to [REDACTED]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

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- (b) Save as disclosed in this document:
 - (i) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (ii) our Company has no outstanding convertible debt securities or debentures;
 - (iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;
 - (iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;
 - (v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document;
 - (vi) So far as is known to our Directors, none of our Directors or their close associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group; and
 - (vii) none of the Directors or any of the experts referred to in “— E. Other Information — 5. Qualification and Consent of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV to this document; and
- (b) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.lontiumsemi.com for a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (c) the Accountant’s Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (d) the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;
- (e) the legal opinions issued by Shanghai Allbright Law Offices, our PRC Legal Adviser, in respect of certain matters of our Group in the PRC;
- (f) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co, the summary of which is set forth in “Industry Overview” in this document;
- (g) the material contracts referred to in “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV to this document;
- (h) the service contracts referred to in “Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Directors’ Service Contracts” in Appendix IV to this document;
- (i) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts” in Appendix IV to this document;
- (j) the PRC Company Law, the PRC Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and
- (k) the terms of the 2024 Restricted Shares Incentive Plan.