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Application Proof of

Giantec Semiconductor Corporation

聚辰半導體股份有限公司

(the "Company")

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

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Giantec Semiconductor Corporation
聚辰半導體股份有限公司

(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])**
[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	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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[**REDACTED**]

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[**REDACTED**]

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[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document carefully 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 out in the section headed "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a global leader in high-performance non-volatile memory chip design. We operate with a fabless model, focusing on the design process and outsourcing wafer fabrication, packaging and testing. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering (i) key non-volatile memory chips, such as serial presence detect (SPD) chips — our primary product under this category, electrically erasable programmable read-only memory (EEPROM) chips and Not-OR flash (NOR Flash) chips, (ii) lens driver chips, and (iii) near field communication (NFC) chips, together with supporting solutions. According to Frost & Sullivan, we are the third largest EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023, 2024 and 2025 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

Memory chips have penetrated nearly every aspect of modern life. AI infrastructure, such as data centers and server clusters, is expanding rapidly with the accelerated adoption of AI technology. Automotive-grade systems in intelligent driving and vision sensing are evolving continuously as vehicles become smarter, and everyday consumer electronics such as smartphones and home appliances all rely on high-performance and high-reliability memory chips. Memory chips not only support fundamental functions such as system boot, parameter storage, and program loading, but also play a critical role in real-time data processing, edge computing, and concurrent multitasking. Their applications extend to almost all electronic devices and systems, making them essential components underpinning the digital economy.

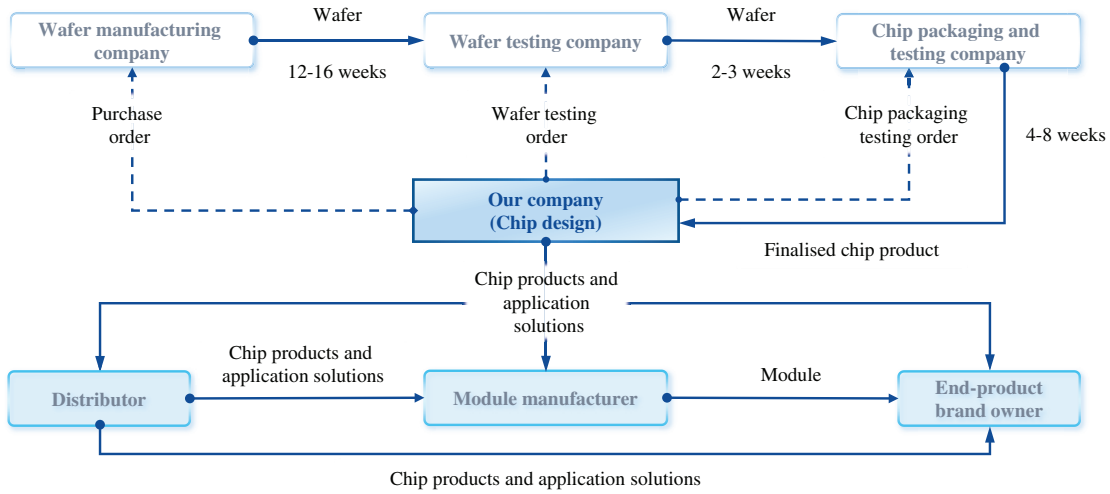
In the AI-era, computing takes care of the core number-crunching work for model training and inference, while memory serves as the foundation for data capture, transfer, buffering, and storage. Fueled by AI, the scale of training keeps growing, and inference is quickly making its way into end-market verticals. The rapid growth of global data is accelerating the upgrade of memory technology and reshaping the role and value of the memory chip industry.

Against this backdrop, memory density and performance requirements are reaching unprecedented levels. As AI, IoT, and 5G converge and proliferate, electronic systems are imposing far more stringent requirements on memory capacity, speed, power, and reliability.

Drawing on over 16 years of industry experience and a deep understanding of market needs, we have developed our core product lines — non-volatile memory chips, lens driver chips, and NFC chips. We pursue design wins to demonstrate our technical capabilities and build customer trust, advance products from pilot production to mass production, and leverage these established relationships to capture cross-selling opportunities. As a result, our products are widely adopted by the world's leading memory-module vendors, well-known automotive brands, and mainstream smartphone manufacturers, both in China and overseas. According to Frost & Sullivan, in 2025, we held over 40% of the global DDR5 SPD chip market by revenue and 14.8% of the global EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments.

Our Business Model

We operate a fabless model focused on the R&D, design, and sale of integrated circuit products.



Highlights of Our Product Offerings

Our product portfolio includes (1) non-volatile memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips that supports DDR2 through DDR5, the second to the fifth generation double data rate memory modules; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) lens driver chips, and (3) other products, primarily including NFC chips.

Memory module supporting chips. We have developed SPD chips for memory modules since DDR2. For DDR5, building on our mass-production track record and core technologies, we have established an in-depth partnership with a global leader in memory interconnect chips. Our co-development model enables us to serve as a core supplier of essential SPD chips for the strategic partner's DDR5 memory interface solutions, which are widely adopted by major global memory companies, in particular, top-tier dynamic random-access memory (DRAM) module players in the world. We are also actively extending our product lines and have introduced vital product data (VPD) chips supporting next-generation high-performance memory devices.

High-reliability memory chips for automotive electronics. Automotive electronics is one of the most definitive and high-potential markets for memory chips. Its stringent requirements on reliability, temperature tolerance, and noise immunity of memory chips is setting up competitive barriers in the industry, benefiting leading companies like us. Our high-reliability memory chips for automotive electronics meet AEC-Q100 A1-A2 standards, with EEPROM densities from 1 Kb to 4 Mb and NOR Flash densities from 512 Kb to 16 Mb. With our first-mover advantage and the trend toward domestic sourcing by Chinese OEMs, our products are deployed widely across multiple core in-vehicle modules by 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands.

Memory chips for consumer electronics. For consumer electronics, our memory chip lineup includes high-performance EEPROM and advanced NOR Flash products. We offer a full spectrum of EEPROM with densities from 1 Kb to 4 Mb. Our NOR Flash focuses on low-power SPI NOR, including products built on our NORD platform covering a density range of 512 Kb to 64 Mb, with an ETOX-based reserve from 32 Mb to 512 Mb to meet larger firmware needs of certain consumer electronics end-products, giving customers tiered choices. We have long focused on smartphones, the largest sub-segment in consumer electronics. Our EEPROM has been used in camera modules of one of the globally leading smartphone brands since 2011. Leveraging over 16 years of experience, we continually adopt product upgrades to address unmet need in the AI-era.

Our major products, their functions, core technologies and applications are set forth in the diagram below.

Core product lines	Major products	Major Functions	Core Technology Domains	Key Applications
Non-volatile Memory Chips	Memory module supporting chips	Identity, configuration memory, management channel and thermal telemetry (DDR2-DDR5)	– SPD chips technology (with key technological function block of EEPROM, I^2C/I^3C hub and temperature sensing)	– AI servers and AI PCs – DDR5 memory interface solutions, which are widely adopted in dynamic random access memory ("DRAM") – DDR2-DDR4 memory modules
	High-reliability memory chips for automotive electronics	High-reliability reprogrammable data retention	– EEPROM (with densities from 1 Kb to 4 Mb) – NOR Flash (with densities from 512 Kb to 16 Mb)	– Automotive in-vehicle modules, including visual perception, smart cockpits, electrified powertrain, and body/chassis – Industrial control applications, including industrial automation, digital energy and power electronics, communication infrastructure and optical modules.
	Memory chips for consumer electronics	Reprogrammable data retention for consumer electronic scenarios	– EEPROM (with densities from 1 Kb to 4 Mb) – NOR Flash (with NORD from 512 Kb to 64 Mb and ETOX-based reserve from 32 Mb to 512 Mb)	– Smartphones and mobile imaging – Display systems – Connectivity and audio accessories – Wearables and AI glasses
Lens Driver Chips	Lens driver chips	Precise motion control for camera modules	– Current drive and settling – Calibration and tolerance handling – Precision sensing and controlling – OIS control	– Smartphones – Handheld gimbal – Other compact imaging devices
NFC Chips and Others	NFC chips	Near field data identification	– Near field communication technologies with embedded non-volatile memory modules	– Electronic price tags – Consumer electronics and smart-home devices – Major appliances and small household devices – Packaging, accessories, and brand engagement – Light Industrial and facility use

While each product operates independently within its respective module, they can collectively address different functional needs across the same end system. See "Business—Overview—Highlights of Our Product Offerings—Diversified Applications Within a Single Scenario."

Our Market Opportunities

AI servers and AI PCs. As large-model training and inference scale up, global AI infrastructure is entering a new development phase. AI servers that carry cloud computing and AI PCs with local inference capability are both poised for explosive growth. Faster deployment of AI infrastructure is increasing memory per system. In data centers, mainstream AI servers typically deploy over 20 DDR5 DIMMs — double that of traditional servers — and are increasingly configured with more DRAM and SSD (solid state drive, a fast and durable storage device using flash memory) modules. On the device side, AI PCs are ramping up more rapidly and equipped with higher-capacity DRAM and SSD configurations than traditional PCs. Against this backdrop, our SPD chips, which are already in commercial deployment and supporting DDR5, and our VPD chips for eSSD and CXL modules, which are currently in the design-in stage, are poised to see adoption and/or wider deployment by leading global cloud providers, server manufacturers, and AI-PC brands, broadening our key-account coverage and penetrating across AI infrastructure.

Automotive electronics. The shift to smart, electric, and connected vehicles is accelerating, with E/E architectures evolving toward domain and zonal control. The number of controllers for autonomous driving, intelligent cockpit, body, chassis, and battery management is rising, and

multiple modules for sensing, control, display, and power require dedicated memory to support software operation and function management. The kinds and counts of memory chips per vehicle are well above those in traditional ICE models, moving from "a few critical nodes" to "multi-domain and multi-node." We supply EEPROM and NOR Flash for automotive electronics, and, given our products' reliability and stability, we expect to penetrate more models and modules at global automotive brands as the market expands.

Consumer electronics. Consumer electronics have large unit volumes and broad user reach. Installed base and replacement demand are high, as edge AI spreads across price tiers and product forms, per-device memory consumption is trending up, creating a large and expanding application space for memory chips. According to Frost & Sullivan, global shipments of edge AI consumer devices will exceed 850 million units in 2025 with penetration over 40.0%. Our memory chips are already applied in smartphones and edge AI applications, with volume shipments to multiple brand customers. The rapid development of edge AI will continue to expand demand for our products.

OUR STRENGTHS

We believe the following advantages position us well to seize future industry opportunities and achieve sustained growth: (i) differentiated capabilities across multiple memory sub-segments enabling effective capture of structural growth opportunities; (ii) customer-driven innovation across successive product generations; (iii) a high-stickiness, top-tier customer base with significant cross-selling potential; (iv) a highly coordinated, responsive supply chain; and (v) experienced management and R&D teams.

OUR STRATEGIES

We will implement the following strategies: (i) deepen our advantages in established segments; (ii) continue to deepen our collaboration with top-notch customers and create value for them by focusing on a long-term development strategy and technology innovation; (iii) expand and enhance our product offerings through leveraging a corporate culture of equality, openness, efficiency, and pragmatism; and (iv) expand overseas presence and strengthen supply chain and teams.

OUR CUSTOMERS AND SUPPLIERS

Our top five customers in each year/period during the Track Record Period accounted for 57.7%, 57.5%, 55.5% and 43.6% of our total revenue in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Revenues generated from our single largest customer in each year/period during the Track Record Period were RMB161.4 million, RMB353.7 million, RMB453.9 million and RMB74.8 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 22.9%, 34.4%, 37.2% and 26.7% in our revenue in the respective year/period. We served a broad range of customers during the Track Record Period, many of which were leading global companies in memory modules, automotive electronics, industrial control and consumer electronics. We also engaged distributors in selling our products. During the Track Record Period, we maintained stable business relationships with our major customers.

Our suppliers primarily comprise third-party wafer foundries and outsourced semiconductor assembly and test (OSAT) companies. We engaged 4 wafer foundries and 33 OSATs during the Track Record Period and up to the Latest Practicable Date. Purchase from our top five suppliers in each year/period during the Track Record Period accounted for 90.1%, 91.3%, 85.0% and 81.9% of our total purchase in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Our raw materials are mainly wafers and packaging and testing materials. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period and up to the Latest Practicable Date, there have been no quality issues with our raw materials that significantly impacted our operations.

SALES NETWORK OF OUR PRODUCTS

In line with market practice, we use distributors to facilitate sales of our products. Our distributors assume responsibility for customer support. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, 51.4% and 60.2% of our revenues in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

Our direct sales are primarily focused on serving leading strategic customers within the AI server, automotive electronics, industrial control and consumer electronics industries. We believe that our direct sales help us consolidate and improve our market shares and penetrate different industry verticals effectively.

BRANDING AND MARKETING

We strive to enhance our brand awareness by delivering superior product quality, reliable performance, professional technical support services, and collaborative R&D capabilities, complemented by targeted marketing initiatives. Specifically, our sales and marketing strategy is designed to build brand recognition, increase demand for our products and solutions, foster long-term strategic partnerships with customers, drive cross-selling opportunities, and unlock incremental business potential.

We also focus our sales and marketing strategy on establishing business and technology relationships with industry-leading module manufacturers and end-product brand owners, in order to work closely with them on future semiconductor solutions that align with their product road maps. We work with our customers closely to design integrated solutions to enhance the performance and efficiency of their products. We also market our products directly to servers, automotive, PCs and smartphone manufacturers so that our products can be qualified for their specifications and designed into their products. In the automotive sector specifically, our automotive-grade chips have been qualified by multiple global Tier-1 suppliers for deployment in leading automaker platforms and other end-systems.

OUR MARKET OPPORTUNITIES AND COMPETITION

As core hardware that can permanently retain data in a powered-off environment, non-volatile memory chips have become strategic foundational components and data storage cornerstones for the development of key industries such as AI servers, automotive electronics, and consumer electronics. With the explosive growth in downstream markets such as AI servers, AI PCs, automotive electronics and consumer electronics, the global market size of non-volatile memory chip is projected to reach US$135.9 billion by 2030, accordingly to Frost & Sullivan.

According to Frost & Sullivan, in 2025, we held over 40% of the global DDR5 SPD chip market by revenue and 14.8% of the EEPROM market by revenue. However, the markets for our products and solutions are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and fluctuating average selling prices. Our competitors include large domestic and international semiconductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. For a description of the semiconductor industry's market environment, please refer to the "Industry Overview" section.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below have been derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in the "Financial Information" section. Our historical financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Revenue	703,477	100.0	1,028,277	100.0	1,221,284	100.0	261,066	100.0	279,994	100.0
Cost of sales	(375,738)	(53.4)	(464,688)	(45.2)	(521,612)	(42.7)	(103,665)	(39.7)	(142,980)	(51.1)
Gross profit	**327,739**	**46.6**	**563,589**	**54.8**	**699,672**	**57.3**	**157,401**	**60.3**	**137,014**	**48.9**
Profit Before Tax	**84,664**	**12.0**	**298,571**	**29.0**	**379,779**	**31.1**	**103,932**	**39.8**	**32,247**	**11.5**
Income tax (expense)/ credit	(1,969)	(0.3)	(22,531)	(2.2)	(23,941)	(2.0)	(6,493)	(2.5)	283	0.1
Profit for the Year/ Period	**82,695**	**11.8**	**276,040**	**26.8**	**355,838**	**29.1**	**97,439**	**37.3**	**32,530**	**11.6**
Attributable to:										
Owners of the parent	100,358	14.3	290,270	28.2	363,576	29.8	99,481	38.1	30,844	11.0

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-controlling interests	(17,663)	(2.5)	(14,230)	(1.4)	(7,738)	(0.6)	(2,042)	(0.8)	1,686	0.6

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by adding back equity settled share-based payments. Share-based payments which is equity-settled, are related to our restricted A share incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Equity-settled share-based payment expenses are non-cash in nature. Accordingly, we exclude the impact of these share-based payment expenses. We define adjusted net profit margin (non-IFRS measure) as adjusted net profit (non-IFRS measure) to divide corresponding revenue of the year/period. We believe that non-IFRS measures facilitate the comparisons of operating performance and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of non-IFRS measures for the year/period may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles non-IFRS measures for the periods presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(in thousands, except for percentages)			*(unaudited)*	
Profit for the year/period	82,695	276,040	355,838	97,439	32,530
Adjusted for:					
Equity-settled share-based payment arrangements	44,643	29,292	32,329	3,637	23,852
Adjusted net profit (non-IFRS measure)	**127,338**	**305,332**	**388,167**	**101,076**	**56,382**
Adjusted net profit margin (non-IFRS measure)	**18.1%**	**29.7%**	**31.8%**	**38.72%**	**20.14%**

From 2023 to 2025, our continued revenue and profit growth was primarily attributable to increased revenue contributions from (i) SPD chips, mainly driven by accelerated adoption of AI applications, (ii) automotive-grade chips, mainly driven by the rising trend of intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications. The number of our customers grew steadily, accompanied by increases in average order volume driven by the boosted demand for AI servers and AI PCs, our enhanced penetration in the automotive market and the recovering demand in the industrial control market.

Between the three months ended March 31, 2025 and 2026, our revenue growth was primarily driven by increased sales of (i) automotive-grade and industrial-grade memory chips, mainly attributable to our deeper market penetration due to continuous market expansion efforts and

technological advancements, as well as orders we secured from leading international automotive brands; and (ii) NFC chips, as we expanded into new application scenarios. Our net profit declined during the period, mainly due to (i) changes in our product mix, (ii) increased R&D expenses, (iii) absence of gains on investment in listed securities, and (iv) increased equity-settled share-based compensation.

Our adjusted net profit (non-IFRS measure) increased significantly from RMB127.3 million in 2023 to RMB305.3 million in 2024, and further increased to RMB388.2 million in 2025. The increase in adjusted net profit (non-IFRS measure) was primarily due to the continued increase in our profit for the year, partially offset by the equity-settled share-based payment arrangements added back each year. Our adjusted net profit (non-IFRS measure) decreased from RMB101.1 million in the three months ended March 31, 2025 to RMB56.4 million for the same period in 2026, primarily due to (i) changes in our product mix, (ii) increased R&D expenses, and (iii) absence of gains on investment in listed securities.

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this document:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Total non-current assets	321,950	387,838	522,625	521,038
Total current assets	1,728,262	1,917,479	2,225,039	2,246,752
Total current liabilities	96,754	132,966	165,258	130,653
Net current assets	**1,631,508**	**1,784,513**	**2,059,781**	**2,116,099**
Total assets less current liabilities	**1,953,458**	**2,172,351**	**2,582,406**	**2,637,137**
Total non-current liabilities	10,847	10,305	10,276	8,867
Net assets	1,942,611	2,162,046	2,572,130	2,628,270

During the Track Record Period, our net assets continued to increase. Our net assets increased from RMB1,942.6 million as of December 31, 2023 to RMB2,162.0 million as of December 31, 2024, mainly due to (i) the profits of RMB276.0 million we recorded for the year of 2024, and (ii) the equity-settled share-based payment arrangements of RMB50.6 million, partially offset by (i) the repurchase and cancellation of A shares of RMB81.8 million and (ii) dividends of RMB31.5 million we declared and paid in 2024. Our net assets further increased to RMB2,572.1 million as of December 31, 2025, mainly due to (i) the profits of RMB355.8 million we recorded for the year of 2025, (ii) the equity-settled share-based payment arrangements of RMB42.4 million, and (iii) an increase of RMB58.3 million in fair value of equity investments at fair value through other comprehensive income, net of tax, partially offset by dividends of RMB47.4 million we declared and paid in 2025. Our net current assets increased from RMB2,059.8 million as of December 31, 2025 to RMB2,116.1 million as of March 31, 2026, mainly due to (i) the profits of RMB32.5 million we recorded for the three months ended March 31, 2026, and (ii) the equity-settled share-based payment arrangements of RMB23.9 million for the three months ended March 31, 2026.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		
				(unaudited)	
Net cash flows generated from operating activities	102,709	302,093	399,097	71,257	16,200

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB (in thousands)*	*RMB (unaudited)*	*RMB*
Net cash flows (used in)/generated from investing activities	(132,822)	(225,369)	(208,765)	240,165	(10,704)
Net cash flows (used in)/generated from financing activities	(93,397)	(96,609)	(48,500)	5,131	(15,861)
Net (decrease)/increase in cash and cash equivalents	(123,510)	(19,885)	141,832	316,553	(10,365)
Cash and cash equivalents at the beginning of the year/period	717,324	592,822	577,701	577,701	711,171
Exchange (losses)/gains on cash and cash equivalents	(992)	4,764	(8,362)	(163)	(6,054)
Cash and cash equivalents at the end of the year/period	**592,822**	**577,701**	**711,171**	**894,091**	**694,752**

We recorded net cash outflows from investing activities of RMB132.8 million, RMB225.4 million, RMB208.8 million and RMB10.7 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, primarily attributable to (i) purchase of structured deposits, (ii) equity investment in listed companies and private companies, and (iii) investment in private equity funds. As of March 31, 2026, low-risk structured deposits accounted for 90.8% of our financial assets at fair value through profit or loss.

We have adopted a structured internal review mechanism to manage our investment. See "Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position—Financial Assets at Fair Value Through Profit or Loss." In selecting investment products, we evaluate investments on a case-by case basis, taking into account factors including the macro-economic environment, general market conditions, risk control and creditworthiness of investment managers, our working capital requirements, and the expected returns or potential losses.

Key Financial Ratios

	As of December 31,			As of March 31,
	2023	2024	2025	2026
Net profit margin	11.8%	26.8%	29.1%	11.6%
Gross profit margin	46.6%	54.8%	57.3%	48.9%
Current ratio	17.9	14.4	13.5	17.2
Quick ratio	15.5	12.6	11.8	14.9
Debt to asset ratio	5.2%	6.2%	6.4%	5.0%
Trade receivables turnover days	74	47	42	47

For calculation of our key financial ratios, see "Financial Information—Key Financial Ratios."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our Shares. Some of the major risks we face include: (i) the semiconductor industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected;

(ii) price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin; (iii) our future success depends on the timely development, introduction, marketing and selling of new semiconductor solutions and technologies and iteration of our existing products and technologies, which we might not be able to achieve, the development of new and more complex solutions and technologies can also increase our cost of sales and adversely affect our gross profit margin; (iv) we depend on third-party foundries, which reduces our ability to control our manufacturing process, any interruption or shortage or loss of capacity from these foundries could materially interrupt our business operations and product offerings, and a significant increase in procurement costs could also affect our gross profit margin; and (v) our gross profit margin is subject to volatility and may be adversely affected by rising raw material costs and weakness in our downstream markets, either of which could materially and adversely affect our results of operations.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. Mr. CHEN Zuotao, Mr. CHEN Zuoning (brother of Mr. CHEN Zuotao), Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately 21.03% of the issued share capital of our Company immediately before the [**REDACTED**], and approximately [**REDACTED**]% of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that no new Shares are issued under the [**REDACTED**] and our Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]. For further details about our Single Largest Group of Shareholders, please see the section headed "Relationship with our Single Largest Group of Shareholders".

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

Our Company has been listed on the Shanghai Stock Exchange STAR Market since December 2019. Since our listing on the Shanghai Stock Exchange STAR Market and up until the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects. As advised by our PRC Legal Advisors, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisors are of the view that for the years ended December 31, 2023, 2024 and 2025 and up to the Latest Practicable Date, we have complied with the relevant laws and regulations on A-share listing applicable to us in all material respects. Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, further enhance overseas financing capabilities, further advance our global strategic footprint, and better attract overseas investors and talents.

DIVIDEND POLICY

We paid dividends of RMB106.8 million, RMB31.5 million, RMB47.4 million and nil in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. For details, see "Financial Information—Dividend Policy." Our 2025 year-end profit distribution plan was approved at the 2025 annual general meeting held on April 10, 2026. A cash dividend of RMB7.0 (tax inclusive) per 10 Shares was subsequently paid on April 27, 2026 to Shareholders of record as of April 24, 2026 out of our distributable profits, amounting to approximately RMB110.8 million in aggregate. As of the Latest Practicable Date, there were no dividend payables outstanding.

Our dividend policy is stipulated in our Articles of Association. We may distribute dividends in the form of cash, stocks or a combination of cash and stocks, and the accumulated profits distributed in cash (including by means of share repurchase) for the most recent three years shall in principle not be less than 30% of our Company's annual average audited net profit attributable to owners of our Company for the last three years. We do not have a predetermined dividend payout ratio.

[REDACTED]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**] range) and the full payment of the [**REDACTED**], if any, we expect to incur approximately HK$[**REDACTED**] million of [**REDACTED**] (including (i) [**REDACTED**] expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange [**REDACTED**]

fee, amounting to approximately HK$[**REDACTED**] million, (ii) fees and expenses of legal advisors and accountants amounting to approximately HK$[**REDACTED**] million and (iii) other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] fees, amounting to approximately HK$[**REDACTED**] million), accounting for approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HK$[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of comprehensive income and approximately HK$[**REDACTED**] million is expected to be deducted from equity upon [**REDACTED**]. We did not incur [**REDACTED**] during the Track Record Period. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] range of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and that the [**REDACTED**] is not exercised, in line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below: (i) approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance the development of our core memory chip and mixed signal technologies and the related design and processing platforms, with an aim to solidify the core technology barriers underpinning our future product portfolio and further drive the continuous expansion of our product matrix; (ii) approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our supply chain, strengthen our team outside China, and enhance our marketing efforts overseas; (iii) approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investments and/or acquisitions; and (iv) approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for working capital and general corporate uses.

[**REDACTED**]

RECENT DEVELOPMENT

Our 2025 year-end profit distribution plan was approved at the 2025 annual general meeting held on April 10, 2026. A cash dividend of RMB7.0 (tax inclusive) per 10 Shares was subsequently paid on April 27, 2026 to Shareholders of record as of April 24, 2026 out of our distributable profits, amounting to approximately RMB110.8 million in aggregate.

In April 2026, we invested in certain listed securities and recorded a significant fair value gain as of the Latest Practicable Date. Had the fair value change of the listed securities not been taken into account, our net profit might decline in 2026, primarily due to: (i) potential changes in our product mix, as the downstream markets for our higher-margin memory chip products are expected to face headwinds; (ii) a planned increase in R&D expenditure to support our expanded R&D activities; and (iii) additional share-based compensation expenses. As a result, even if our revenue continues to grow in 2026, our net profit and net profit margin might decline in 2026.

Our Directors confirm that, up to the date of this document, except for the foregoing, there has been no material adverse change in our business, financial condition and results of operations since March 31, 2026, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since March 31, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this document.

"**A Share(s)**"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"**Accountants' Report**"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**Articles**" or "**Articles of Association**"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document
"**Audit Committee**"	the audit committee of the Board
"**Board**" or "**Board of Directors**"	the board of Directors of our Company
"**business day**"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"**China**", "**Chinese Mainland**" or "**PRC**"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" or "**CWUMPO**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"**Company**", "**our Company**", or "**the Company**"	Giantec Semiconductor Corporation (聚辰半導體股份有限公司) (previously known as Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司)), a PRC company established on November 13, 2009, the A Shares of which have been listed on the Shanghai Stock Exchange STAR Market (SHSE: 688123)
"**Corporate Governance Code**"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"**Director(s)**"	the director(s) of our Company
"**DLA Piper**"	DLA Piper Singapore Pte. Ltd.
"**EIT**"	the enterprise income tax
"**EIT Law**"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"**Extreme Conditions**"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[**REDACTED**]
"**Frost & Sullivan**"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"**Frost & Sullivan Report**"	an industry report commissioned by us and independently prepared by Frost & Sullivan
	[**REDACTED**]

"**Group**", "**our Group**", "**the Group**", "**we**", "**us**", or "**our**"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023
"**H Share(s)**"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"**H Shareholder(s)**"	holder(s) of our H Share(s)
"**HK**" or "**Hong Kong**"	the Hong Kong Special Administrative Region of the PRC
"**HK$**", "**HK dollars**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"**Hong Kong Takeovers Code**" or "**Takeovers Code**"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[**REDACTED**]

"**IFRS**"	IFRS Accounting 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 our connected persons

[**REDACTED**]

"**International Sanctions**"	any measures enacted by jurisdictions as trade or economic sanctions against foreign countries, governments, entities or persons by restricting the enacting jurisdictions' nationals from making assets or services available, directly or indirectly, to them, dealing with their assets or otherwise conducting commercial transactions with them

[**REDACTED**]

[**REDACTED**]

"**Latest Practicable Date**"	July 20, 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 Hong Kong Stock Exchange
"[**REDACTED**]"	the date, expected to be on or about [**REDACTED**] on which the H Shares are to be [**REDACTED**] on the Stock Exchange and on which [**REDACTED**] in the H Shares are to be first permitted to commence on the Hong Kong Stock Exchange
"**Listing Rules**" or "**Hong Kong Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**Main Board**"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"**Major Subsidiaries**"	the major subsidiaries of our Company listed in "History and Corporate Structure — Our Major Subsidiaries", being subsidiaries that (i) contributed 10% or more of our consolidated total assets, net assets, revenue or total profits in any year during the Track Record Period; or (ii) hold any material business qualifications, permits or intellectual property rights in relation to the principal business activities of our Group
"**Ministry of Finance**" or "**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)

"**Nomination Committee**"	the nomination committee of the Board

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC Company Law**"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"**PRC Legal Advisors**"	Global Law Office
"**PRC Securities Law**"	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**]

[**REDACTED**]

"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Evaluation Committee**"	the remuneration and evaluation committee of the Board
"**Restricted Share Incentive Plans**"	the 2021 Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan, the principal terms of which are set out in "Statutory and General Information — D. Our Incentive Plans" in Appendix IV to this document
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of Mainland 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)
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**" or "**Securities and Futures Ordinance**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Share(s)**"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Single Largest Group of Shareholders**"	refers to Mr. CHEN Zuotao (陳作濤), Mr. CHEN Zuoning (陳作寧), Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) and Tianhao Investment Group Co., Ltd.* (天壕投資集團有限公司)
"**Sole Sponsor**", "**Sponsor**"	the sponsor as named in "Directors and Parties Involved in the [**REDACTED**]"

[**REDACTED**]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**" or "**Hong Kong Stock Exchange**"	The Stock Exchange of Hong Kong Limited

"**Tianhao Investment**"	Tianhao Investment Group Co., Ltd.* (天壕投資集團有限公司), a limited liability company established under the laws of the PRC on December 12, 1997, one of our Single Largest Group of Shareholders
"**Tianhao Technology**"	Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) (previously known as Jiangxi Heguang Investment Management Co., Ltd.* (江西和光投資管理有限公司)), a limited liability company established under the laws of the PRC on January 22, 2014, one of our Single Largest Group of Shareholders
"**Track Record Period**"	the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026
"**Trial Measures**"	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"), promulgated by the CSRC on February 17, 2023
"**U.S.**", "**US**" or "**United States**"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"**U.S. dollars**", "**US 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**]
"**VAT**"	value-added tax
	[**REDACTED**]
"***%***"	per cent

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

Unless otherwise specified, in this document:

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

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similarly terms adopted by other companies.

"ADAS"	advanced driver assistance systems
"AEC-Q100"	a set of qualification test sequences for integrated circuits used in automotive applications issued by the Automotive Electronics Council
"AI"	artificial intelligence
"AIDC power supplies"	power systems and power modules for AI data centers, including high-power, high-efficiency rectification and conversion (AC-DC, DC-DC), 48 V rack power supplies, HVDC bus architectures, and digital power control
"AMOLED"	active-matrix organic light-emitting diode, a display technology. "OLED" (organic light-emitting diode) denotes the thin-film display type based on organic electroluminescence, while "AM" (active matrix) refers to the underlying pixel-addressing architecture
"CAGR"	compound annual growth rate
"CAMM/CAMM2"	compression attached memory module/second-generation compression attached memory module, a compact memory module form factor designed chiefly for PCs
"chip"	a miniature electronic device or component that interconnects essential circuit elements, such as transistors, diodes, resistors, capacitors and inductors, through specific wiring methods with semiconductor fabrication processes into a complete electronic circuit, which are formed on one or several small semiconductor wafers or dielectric substrates and encapsulated in a package
"CPU"	central processing unit, a mass integrated circuit that serves as the computational and controlling core of electronic devices
"CXL"	compute express link, an open industry standard high- speed interconnect that enables efficient, low-latency communication between CPUs and accelerators, memory expanders, or other devices, supporting memory coherence and advanced computing

GLOSSARY OF TECHNICAL TERMS

"data center"	a complex facility that houses not only computer systems and related equipment, but also includes redundant data communication links, environmental controls, monitoring systems and various security devices, which provides large-scale, high-quality, secure and reliable services such as professional server hosting, space leasing and wholesale bandwidth to internet content providers and websites
"DDR"	double data rate, a memory standard widely used in electronic devices that enables memory modules to transfer data at higher speeds by transmitting data twice per clock cycle
"DDR2/DDR5"	double data rate 2/double data rate 5, the second/fifth successive generations of the DDR memory standard used in electronic devices
"DFN"	dual flat no-lead, a compact, leadless package that uses bottom-side pads for PCB attachment, offering low profile, small footprint, low parasitics, and strong thermal and electrical performance; well suited to high-density, space-constrained modules
"DIMM"	dual in-line memory module, a type of memory module used in computers, consisting of DRAM chips mounted on a small circuit board with separate electrical contacts on each side, allowing for wider data paths and higher performance compared to older SIMMs
"DRAM"	dynamic random access memory, a semiconductor storage device
"EEPROM"	electrically erasable programmable read-only memory, a non-volatile memory technology that supports electrical reprogramming, retains data without power, offers endurance of at least 1,000,000 program/erase cycles, and is primarily used to store small datasets that require frequent updates
"edge AI"	technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices
"edge computing"	the process to move data processing, storage, and intelligent decision making from remote cloud and data centers to the network edge, closer to the data source such as end devices, gateways, base stations, or on premises servers
"E/E"	electrical/electronic
"ETOX"	Electrically Tunneling Oxide, a process technology for non-volatile memory that uses a floating gate structure for data storage

GLOSSARY OF TECHNICAL TERMS

"EV"	electric vehicle
"fabless"	IC design companies that focus solely on IC research, development and sales, while outsourcing wafer fabrication, packaging and testing to specialized foundries and service providers; the term is sometimes also used to refer to this business model
"fabrication"	the process of manufacturing or constructing products by assembling, shaping, or processing raw materials through various techniques and steps
"factory gateway"	a device connecting shop floor machines to IT systems for data collection, monitoring, and analysis, enabling smart manufacturing
"foundry"	a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits
"frequency"	the rate at which a power electronic device, such as a switch or rectifier, operates; it is a crucial factor influencing the performance and efficiency of power systems
"IATF 16949"	the automotive industry's quality management system (QMS) standard
"IC"	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
"IC design"	the entire process of circuit function definition, structural design, circuit design and simulation, layout design and verification, as well as subsequent post-design processing
"ICE"	internal combustion engine
"I^2C"	inter-integrated circuit, a multi-master, multi-slave serial communication protocol that enables low-speed data exchange between chips on a circuit board using only a data line and a clock line
"I^3C"	improved inter-integrated circuit, a high-speed, low- power communication protocol designed as the successor to I^2C
"I^2C/I^3C hub"	hardware implementing the I^2C/I^3C protocol to aggregate and manage multiple I^2C/I^3C peripherals behind a single host I^2C/I^3C port
"IoT"	Internet of Things

GLOSSARY OF TECHNICAL TERMS

"ISO/IEC"	the family of international standards jointly developed and published by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)
"JEDEC"	Joint Electron Device Engineering Council (now known as the JEDEC Solid State Technology Association), a global organization in developing open standards for the microelectronics industry
"LCD"	liquid crystal display
"lens driver chips"	an IC that controls the actuator or motor of a camera lens in imaging modules
"line card"	a modular electronic circuit designed to fit on a separate printed circuit board and interface with a telecommunications access network
"logic controller"	an industrial computer that automates machines and processes by monitoring inputs, executing pre-programmed logic, and controlling outputs
"LPCAMM/LPCAMM2"	low power compression attached memory module/second-generation low power compression attached memory module, a low-power compression-attached memory module used primarily in personal computers and servers
"LRDIMM"	load reduced dual in-line memory module, a type of memory module that uses a buffer to reduce the electrical load on the memory controller, enabling higher memory capacity and improved signal integrity, particularly in servers and advanced systems
"MCU"	microcontroller unit, being an IC that combines a processor core, memory and programmable input/output peripherals on a single chip to control embedded systems and electronic devices
"memory"	a storage device within an electronic system used to store programs and data, such as all information in a computer including input data, computing programs, intermediate results and final outputs, which stores and retrieves information according to the addresses specified by the controller
"Microwire"	a thin, flexible metallic wire used in products and processes for signal transmission, sensing, and other functional purposes

"MRDIMM"	multiplexed rank dual in-line memory module, a high-bandwidth server memory module based on the DDR5 LRDIMM architecture adopting the "1+10" design consisting of one MRCD chip and 10 DB chips, which, compared with RDIMM and LRDIMM, enables simultaneous access to two memory arrays on the module and effectively doubles the bandwidth; the first generation of MRDIMM is also referred to MCRDIMM by some manufacturers
"NFC"	near field communication
"NFC Forum"	a non-profit industry association that defines technical specifications for NFC technology, ensuring interoperability between devices and offering certification to guarantee compliance
"NOR Flash"	a code-storage flash memory chip and one of the primary non-volatile memory technologies
"NORD"	a process technology for non-volatile memory that uses a dual floating gate structure for data storage
"OIS"	optical image stabilization, a stabilization method and uses tiny actuators to slightly move the lens or image sensor to counteract blur caused by shaking, making photos and videos clearer
"OSAT"	outsourced semiconductor assembly and test, in the fabless model, OSAT providers handle wafer singulation, packaging, pre- and post-package testing (including wafer sort, final electrical test, and burn-in/reliability stress), and shipment of finished products
"packaging"	the process of encapsulating the bare die into a finished chip product with external shell and leads, which is electrically connected to external pins through wires or other interconnection methods and then securely closed; IC packaging not only provides electrical connections between the internal bonding points of the chip and the external circuitry, but also offers a stable and reliable operating environment, ensuring proper functionality, high stability and long-term reliability
"PC"	end-user computing devices including notebook computers, desktop computers and workstations

GLOSSARY OF TECHNICAL TERMS

"PMIC"	power management IC, a specialized integrated circuit that manages voltage regulation, power distribution, and real-time monitoring in electronic systems, which optimizes power efficiency while ensuring stable operation across all power domains
"PPM"	parts per million, a unitless measure of defect rate calculated as the number of defective units per million units produced or opportunities for defects
"RDIMM"	registered dual in-line memory module, a type of memory module that uses RCD chips to buffer address, command, and control signals. It is mainly used in servers
"R&D"	research and development
"RF sensitivity"	the minimum radio frequency signal strength that the receiver components can successfully detect and process
"RFID"	radio frequency identification, a wireless communication technology that identifies specific targets and reads or writes related data via radio signals without requiring mechanical or optical contact between the identification system and the target
"servo driver"	an electronic device that controls a servo motor, taking commands for position, speed, or torque from a controller and delivering precise power to make the motor perform the exact movement required
"Sideband Bus"	a dedicated, low-speed communication channel used alongside a main data bus (like DDR memory) to handle essential management, configuration, and telemetry data, preventing congestion on the primary high-speed path
"SOCAMM/SOCAMM2"	small outline compression attached memory module/second-generation small outline compression attached memory module, a compact compression-attached memory module form factor used primarily in servers
"SODIMM"	small outline DIMM, a small-form-factor dual in-line memory module used primarily in notebook computers
"SPD"	serial presence detect, an SPD chip is an EEPROM-based non-volatile memory chip that stores configuration data (such as timing, voltage and capacity), enabling a system to automatically initialize and operate the memory correctly; in DDR5, the SPD chip also integrates an I^2C/I^3C hub and temperature sensing
"SPI"	a synchronous serial peripheral interface that enables an MCU to communicate with a variety of peripherals in serial form to exchange data

"SPI NOR"	non-volatile flash memory that utilises SPI protocol and a Not-OR design for quick access to any part of the stored data
"SSD"	solid-state drive, a storage device that uses flash memory to store data, offering faster read/write speeds, lower latency and greater durability compared to traditional mechanical hard drives
"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
"TCO"	total cost of ownership
"TDFN"	thin dual flat no-lead, the thin variant of DFN
"testing"	the process of wafer testing, final product testing reliability testing and failure analysis
"TS"	temperature sensor
"UDIMM"	unbuffered DIMM, an unbuffered dual in-line memory module used primarily in desktop computers
"UPI"	ultra path interconnect, a high-speed, point-to-point processor interconnect technology used to link multiple CPUs in a multiprocessor system, enabling fast data transfer and coherence between processors
"voltage" or "V"	voltage, the unit of electric potential or voltage, which measures the difference in electric potential between two points in a circuit
"VPD"	vital product data, a non-volatile data mechanism used in devices or modules (such as eSSD and CXL memory modules) to store key information including device identity, configuration parameters, calibration, and telemetry, supporting system-level identification, verification, and operations and maintenance
"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
"WLCSP"	wafer level chip scale package, a chip-scale packaging technology in which redistribution and solder ball formation are completed at the wafer level

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to us and our 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", "can", "could", "consider", "continue", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "predict", "potential", "project", "propose", "seek", "shall", "should", "will", "would", "is likely to" 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 us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our business and operating strategies and plans to achieve these strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- 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 control or reduce costs and optimise pricing;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- capital market developments;
- the competitive environment of the industry and markets in which we operate;
- the actions and developments of our competitors;
- our ability to attract and retain qualified personnel;

- volatilities in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends;
- various uncertainties described in the "Risk Factors" section; and
- other statements in this document that are not historical facts.

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, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

You should carefully consider all of the information in this document, including the following risk factors before making any [**REDACTED**] *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The* [**REDACTED**] *of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

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 will not be updated after the date hereof and is subject to the cautionary statements in the section titled "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The semiconductor industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

We continue to face intense competition in the semiconductor industry and expect the competition to intensify as more semiconductor companies enter the market and as our existing competitors continue to develop new technologies and launch new products and solutions. We are in direct and active competition with numerous competitors of varying size, technical capability and financial strength, with respect to one or more of our business lines, including non-volatile memory chips, lens driver chips, NFC chips and other products. Many of our competitors have longer operating histories, stronger presence in key markets, greater name recognition, larger customer bases, more established strategic and financial relationships and greater financial, sales and marketing, distribution, technical and other resources than we do. Some of them also have their own manufacturing facilities, which in certain circumstances may give them the ability to price their products and solutions more aggressively than we can, to respond more rapidly to changing market opportunities than we can or to meet increased demands for their products and solutions more easily.

Our competitors primarily include large domestic and international semiconductor companies. Our competitors may have greater presence in key markets, greater access to advanced wafer foundry capacity, a more established and larger customer base, and, in general, better access to other resources than we do. In addition, downward pressure on pricing could adversely affect our growth and profitability. From time to time, other companies may enter into our markets and provide similar services and products that we offer. These new entrants may gain market share in the short term by pricing their semiconductor solutions significantly below current market levels, which puts additional downward pressure on the prices we can obtain for our solutions.

Some of our competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to achieve competitive advantages. In addition, new entrants not currently considered our competitors may enter our markets through acquisitions, partnerships or strategic relationships. Industry consolidation may also bring in competitors with more comprehensive product offerings or greater pricing flexibility due to their expanded scale and financial resources. Strategic arrangements between our competitors and our third-party suppliers, including foundries and providers of packaging, testing and other back-end services, could lead to preferential or exclusive arrangements benefiting our competitors while impairing our ability to secure sufficient capacity from such suppliers, hence adversely affecting our ability to meet customer demand for our solutions. In addition, competitors may enter into exclusive relationships

with distributors or certain existing or potential end users of our solutions, which could reduce available distribution channels and demand for our solutions and impair our ability to sell our solutions and grow our business. Some of our customers may seek to develop their own semiconductor products and solutions which may compete with those we currently offer.

In addition, increased competition in the semiconductor industry may result in rapid technological change, evolving standards, reductions in product selling prices and rapid product obsolescence. If we are unable to successfully cope with these competitive challenges, we may be unable to maintain and grow our business. Our inability to compete successfully could also adversely affect our results of operations and impair our financial condition.

Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

We have experienced and expect to continue facing price pressures due to increasingly competitive conditions in the downstream markets we serve. We are faced with strong pricing pressure that we continue to experience. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products and solutions may decline. Historically, we have incurred, and expect to continue to incur significant amount of research and development expenses in the long-term to develop new products and solutions with more advanced features that can be sold at higher selling prices and/or manufactured at lower cost. In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, RMB207.8 million and RMB66.7 million, respectively. However, if we are unable to do so in a timely manner, or if we are unable to successfully develop more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

Our future success depends on the timely development, introduction, marketing and selling of new semiconductor solutions and technologies and iteration of our existing products and technologies, which we might not be able to achieve. The development of new and more complex solutions and technologies can also increase our cost of sales and adversely affect our gross profit margin.

Our competitiveness and future success depend on our ability to predict and adapt to the rapidly evolving market demand and to develop, introduce, market and sell our new solutions and technologies, and iterate our existing products and technologies in a timely and cost-effective manner. Any failure to introduce these new or iterated solutions and technologies, to achieve design wins, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

The development of new semiconductor solutions and technologies is highly complex, and we may experience unexpected challenges and delays in completing the development and introduction of them. For product iteration, if we fail to successfully upgrade our existing products to adapt to market trends and customer needs, we may be unable to maintain the competitiveness of our currently successful products. Customers will continue to expect the sophistication of our semiconductor solutions to increase, and the number of consumer and industrial products that use semiconductors has continued to grow. This propels us to continue to design and develop semiconductors with advanced technologies that can be utilized in a wide range of applications. As our semiconductor solutions integrate new and more advanced technologies and functions, they become more complex and increasingly difficult to design, develop and produce. Successful product development and technological enhancements depends on a number of factors, including: (i) accurate prediction of market requirements and evolving technical standards relating to our products and solutions; (ii) development of advanced technologies and capabilities; (iii) timely development completion and introduction of new semiconductor solutions that satisfy our

customers' and their customers' requirements and specifications; (iv) development of semiconductor solutions that maintain technological advantages over the solutions of our competitors; and (v) market acceptance of our new semiconductor solutions.

Accomplishing all of these factors is difficult, time consuming and expensive. We may be unable to develop new semiconductor solutions or technological enhancements or achieve iteration of our existing products and technologies in time to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop solutions or technologies on a more expedited basis than us or are successful in developing solutions that are accepted more rapidly and broadly by the market than our solutions, we could lose market share. Matching or surpassing technological advances that may be developed by our competitors could require an extended period of time. In addition, our solutions could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our solutions or the reduced life cycles of consumer and industrial products.

Even if we are able to develop new semiconductor solutions or iterate our existing products and technologies and achieve design wins, we may initially experience lower manufacturing yields from them than our other more established solutions, potentially affecting our gross profit margin at least in the short term. These new solutions and technologies also often have a higher cost structure than our existing solutions and technologies as we devote more time and effort to their development, and our suppliers and manufacturers may incur additional costs by acquiring new equipment or components in order to meet our design specification and capacity requirements.

We depend on third-party foundries, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these foundries could materially interrupt our business operations and product offerings, and a significant increase in procurement costs could also affect our gross profit margin.

We adopt a fabless manufacturing strategy, where we focus on the design and sales of non-volatile memory chip and lens driver chip products and solutions and partner with world-leading suppliers on wafer fabrication, packaging and testing. We have maintained long-standing partnership with world-leading foundries with whom we work collaboratively to leverage their facilities. We believe our fabless model reduces our capital requirements, operating expenses and time to market, which in turn enables us to focus and devote our resources to developing our core competencies in research and development, technological innovation, and product design. Historically, we relied on a small number of foundries. Our largest foundry partner accounted for approximately 53.9%, 46.4%, 43.8% and 34.8% of our total procurement in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. In each year/period during the Track Record Period, two of our top five suppliers, both of which were third-party foundries, collectively accounted for approximately 64.3%, 71.2%, 58.3% and 49.2% of our total procurement in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

We typically secure manufacturing capacity in any particular period on a purchase order basis. The foundries generally have no obligation to supply products to us for any specific period, in any specific quantity or at any specific price, except as set forth in a particular purchase order. In general, our reliance on third-party foundries involves a number of significant risks, including: (i) reduced control over delivery schedules, quality assurance, manufacturing yields and production costs; (ii) lack of guaranteed production capacity or product supply; (iii) unavailability of, or delayed access to, next generation or key process technologies; and (iv) financial difficulties or disruptions in the operations of third-party foundries due to causes beyond our control, including geopolitical uncertainties.

The size of the orders we place with the foundries depends on actual or anticipated sales volumes of our products. Because our foundry partners also provide services to other companies, in the event they receive increased orders from us or other companies that they service, they may be unable to provide us with the requested quantity of supplies, may subordinate our request to the

requests of other companies or may increase the prices they charge us. In recent years, the global semiconductor industry experienced supply chain constraints, in particular, during the period when global supply chain volatility coincided with surging demand. Notably, certain materials for producing a wafer are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues may limit the foundries to obtain such materials. During each period of the Track Record Period and up to the Latest Practicable Date, we had maintained a stable supply of wafers from multiple semiconductor manufacturers, and expect to maintain such stable relationship for the foreseeable future. During the Track Record Period and up to the Latest Practicable Date, the wafer supply constraint had not had a material impact on our business operations and financial performance. The wafer supply constraint may force companies in the industry to take certain actions such as allocating available products and solutions among customers or increasing the prices of products and solutions. This could result in harm to customer relations, the loss of sales and, in some cases, the loss of future business with those customers. If constraints in supply exist or if for any reason our foundry partners are unable to provide a sufficient number of wafers to us on a timely basis and at acceptable yields and costs, we may be unable to achieve future growth, which could result in our revenue, gross profit margin and other financial results being materially and adversely affected.

The current global economic and geopolitical conditions could materially affect our foundry partners and cause them to be unable to provide necessary services to us. If any of our foundry partners were unable to continue manufacturing our wafers in the required quantities, at acceptable quality, yields and costs, or in a timely manner, we may have to identify and qualify substitute foundries, which could be time consuming and difficult, and could negatively impact our revenues in the short term as well as increase our costs or result in unforeseen manufacturing problems. In addition, if competition for foundry capacity increases, we may be required to pay higher prices for manufacturing services.

Meanwhile, our foundry partners may also be subject to upstream supply constraints. For example, the raw materials used for wafer fabrication are subject to availability constraints and price volatility caused by supply conditions, regulations, macroeconomic conditions and other unpredictable factors. In the event that the raw materials our foundry partners acquire from their upstream suppliers increase in price or reduce in availability, we may be required to increase the prices we charge our customers, which could result in decreased sales, and we may not successfully pass the increased costs to our customers, which could result in a loss or in decreased profits.

We are also exposed to additional risks if we transfer the production of our semiconductors from one foundry to another, as such transfer could interrupt our manufacturing process. Aiming to use the most advanced manufacturing process technology appropriate for our solutions that is available from third-party foundries, we evaluate the benefits of migrating our solutions to alternative process technologies on demand in order to improve performance and reduce costs. These ongoing efforts require us from time to time to modify the manufacturing processes for our solutions and to redesign some solutions, which in turn may result in delays in product deliveries. As new processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as more third-party intellectual properties, into our solutions. We may not be able to achieve higher levels of design integration or deliver new integrated solutions on a timely basis. We may face difficulties, delays and increased expense as we transition our solutions to new processes and potentially to new foundries.

Larger suppliers could also be in a better position to bargain for higher prices, longer contract duration, higher deposit, higher breach of contract penalties or other preferential terms for their products and services, which could result in an increase in our cost or penalty expenses. The good working relationships we have established with third-party foundries could be disrupted, and our supply chain could suffer, if they were to experience a change in control.

Our gross profit margin is subject to volatility and may be adversely affected by rising raw material costs and weakness in our downstream markets, either of which could materially and adversely affect our results of operations.

The memory chip industry is subject to cyclicality and is influenced by, among other things, the dynamics of supply and demand across the broader memory market and the prevailing conditions in the principal downstream markets that we serve. Such dynamics and conditions are affected by a range of factors that are beyond our control and may shift from time to time. Changes in such dynamics and conditions may affect the procurement behavior of our customers and, in turn, the demand profile for certain of our product offerings, including those positioned at the higher end of the market which generally contribute higher gross margins. To the extent that any such changes are unfavorable or persist for an extended period, our gross margin, business, financial condition and results of operations may be materially and adversely affected.

Our gross margin may be subject to material volatility. While our gross margin improved from 46.6% in 2023 to 54.8% in 2024 and further to 57.3% in 2025, we cannot assure you that such improvement is sustainable. In particular, we recorded a gross margin of 48.9% in the three months ended March 31, 2026. Increase in research and development expenses, equity-settled share-based payment arrangements, and changes in product mix as we expand into new categories may exert downward pressure on our overall profitability going forward.

We mainly rely on third-party service providers for packaging and other back-end processes, which reduces our control over delivery schedules, product quality and costs. Any interruption or shortage or loss of capacity from these service providers could significantly interrupt our business operations and product offerings.

We rely on third-party service providers for substantially all of our semiconductor packaging processes. We also rely on several specialized service providers to perform other necessary processes, such as wafer probe tests. During the Track Record Period, costs attributable to the packaging and testing services providers accounted for approximately 34.2%, 30.4%, 29.5% and 28.9% of our total cost of revenue in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. If for any reason one or more of these service providers become unable or unwilling to continue to provide services of acceptable quality, at acceptable costs or in a timely manner, our ability to deliver our solutions to our customers could be severely impaired. We would have to identify and qualify substitute service providers, which could be time consuming and difficult and could result in unforeseen operational problems. Substitute service providers might not be available or, if available, might be unwilling or unable to offer services on acceptable terms or prices.

In addition, if competition among fabless companies for packaging and testing or our other outsourced services increases, we may be required to invest significant amounts to secure access to these services, which could adversely impact our results of operations. The number of companies that provide these services is limited. In the event our current providers refuse or are unable to continue to provide these services to us, we may be unable to procure services from alternate service providers. Furthermore, if customer demand for our solutions increases, we may be unable to secure sufficient additional capacity from our current service providers on commercially reasonable terms, if at all. These factors may cause unforeseen product shortages or may increase our costs of manufacturing, which could adversely affect our business, financial condition and results of operations.

We may be unable to adequately forecast demand for our semiconductor solutions due to the unpredictability of the sales cycle. If we fail to manage our inventory effectively as a result, our business, financial condition, results of operations and liquidity may be materially and adversely affected.

We generally have no long-term or minimum purchase commitments from our customers. In addition, even when customers may not have the contractual right to cancel or reschedule orders, it is customary business practice in the semiconductor industry for suppliers like us to permit such cancellations or rescheduling in order to maintain good relationships with customers or for other

business reasons. As a result, we depend on our demand forecasts for various kinds of solutions to make manufacturing decisions and to manage our inventory. Demand for solutions, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by cyclicity, new product launches, changes in product cycles and pricing, product defects, changes in customer purchasing patterns with respect to our solutions and other factors, and our customers may not order solutions in the quantities that we expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast market demand.

Cancellations of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term.

Our performance is subject to fluctuations in demand from downstream industries that adopt our products, the prices of the end products, and the timing of our new product developments and iteration of our existing products.

Our business strategy depends in large part on the continued growth of the downstream markets into which we sell our semiconductor solutions, including consumer electronics, automotive and various other markets. The timing of new product developments and iteration of our existing products, the life-cycle of existing electronics products and the level of acceptance and growth of new products can also affect demand for our products. If these downstream markets do not grow and develop as we anticipate, or our customers fail to market and sell their products as they anticipate in the verticals for reasons out of our control, we may be unable to sustain or grow the sales of our solutions. In order to compete successfully, we must design, develop, market and sell new or enhanced products that provide high levels of performance and reliability, offer and integrate new functionalities and meet the cost expectations of the markets. The cyclical nature of the growth of the downstream markets of our semiconductor solutions could also adversely affect the demand of our solutions and our ability to accurately forecast market demand, leading to fluctuations in our business, financial condition and results of operations. In addition, our business and financial condition may be adversely affected if certain new verticals do not emerge or develop as expected. Securities [**REDACTED**] may factor revenue from such new verticals into their future estimates of our financial performance and should such verticals not develop as expected, such estimates, our business and financial condition could be adversely affected. If we fail to accurately forecast downstream demand fluctuations or effectively counter aggressive domestic pricing strategies during macroeconomic downcycles, we may experience temporary inventory pile-ups or short-term margin compression.

The downstream markets are also subject to rapid technological change. In order to compete successfully in these markets, we will have to correctly forecast customer demand for technological improvements and be able to deliver such solutions on a timely basis at competitive prices. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected. Our solutions have also been and will continue to be incorporated into other consumer and industrial applications. As our solutions begin to fill a greater role in these other verticals, the challenges and risks that we face in these other verticals could increase. If our sales to these markets do not increase and/or these verticals do not grow as expected, our business, financial condition, results of operations and prospects could be materially and adversely affected.

A large portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, our top five customers in each year/period during the Track Record Period accounted for a substantial portion of our revenue. Revenues from sales of our top five customers in each year/period represented approximately 57.7%, 57.5%, 55.5% and 43.6% of our revenues in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Any material delay, alteration, cancellation or reduction of purchase orders from or change in the purchasing patterns

of such customers, which may in turn be attributable to changes in their respective customers' demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects will be affected by our ability to retain our existing customers and to attract new customers, as well as on the financial condition and success of our customers, including their ability to retain their respective customers and attract new customers. Furthermore, our major customers may have substantial bargaining power and leverage when negotiating contractual arrangements with us. Such customers have and may continue to seek advantageous pricing and other commercial terms and may require us, from time to time, to develop additional features in the solutions we sell to them. As a result, we may have to reduce the average selling price and/or incur increased average cost of our solutions, which may have a negative impact on our gross profit margin. If we are unable to retain one or more of our major customers, or if we are unable to maintain our current level of revenue and gross profits from such customers, our business, financial condition and results of operations could be impaired.

Our distributorship model increases the complexity of our business.

In line with the market practice, we use distributors to facilitate our sales. These distributors also assume responsibility for customer support. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, 51.4% and 60.2% of our revenues in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. We expect that distribution will continue to represent a significant proportion of our total revenue, although they may vary from year to year. Indirect distribution introduces a number of operational and financial complexities, and our ability to manage these relationships effectively is critical to maintaining stable cash flows, and healthy gross margins.

Distributorship model increases the complexity of our business and may require us to, among other matters: (i) manage a more complex sales network; (ii) negotiate credit terms, return policies and pricing with our distributor; (iii) evaluate the impact of credit terms, return policies, pricing and unsold inventory associated with each distributor; and (iv) assess the financial condition and creditworthiness of our distributors.

Any failure to manage these challenges could adversely affect our business, financial condition and results of operations. In particular, failure to implement robust distributor management systems and controls — such as real-time inventory tracking, regular audits, contract enforcement, and financial monitoring — could result in inaccurate revenue forecasts, excess or obsolete inventory, write-downs, unexpected returns, or even legal disputes. Any deterioration, termination or material change in our relationships with our distributors could adversely affect our sales channels and market coverage. These outcomes could materially and adversely affect our business, financial condition, results of operations, and stock price performance.

Our success depends on our ability to maintain close relationships with our customers and to convince our current and prospective customers to adopt our semiconductor solutions into their product offerings.

Our success has been, and will continue to be, dependent upon manufacturers and their customers designing our semiconductor solutions into their products. To achieve design wins, which are decisions by manufacturers and their customers to design our solutions into their systems, we must define and deliver cost effective and innovative semiconductor solutions on a timely basis that satisfy the manufacturers' and their customers' requirements and specifications. Our ability to achieve design wins is subject to numerous risks including competition from other solutions, the compatibility of our solutions with newly developed technologies or designs used in the end products, as well as delays in our product development cycle. Even if our solutions meet our customers' requirements and specifications, we may not eventually succeed in achieving a particular design win due to factors out of our control, such as the customers' pre-existing relationship with a particular supplier or other business considerations. If we do not achieve a design win with a prospective customer, it may be difficult to sell our semiconductor solutions to

such prospective customer in the future because once a manufacturer has designed a supplier's solutions into its systems, it may be reluctant to change its source of components due to the significant costs, time, efforts and risks associated with qualifying a new supplier and, in many cases, modifying its design platforms. In addition, there is no guarantee that we will be able to continue to achieve design wins with customers with whom we have achieved design wins in the past. As our customers take on new projects, there is no obligation on their part to continue to design our solutions into their product offerings. Accordingly, if we fail to achieve design wins with key customers that embed semiconductors in their products, our market share or revenue could be adversely affected. Furthermore, to the extent that our competitors secure design wins, our ability to grow our business in the future will be impaired.

In addition, the selection process for semiconductors to be included in our customers' product offerings is typically lengthy and may require us to incur design and research and development expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our solutions will be selected. Because of our extended product life cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is possible that a design win will not result in meaningful revenue until one year or more or later, or at all. If we do not continue to achieve design wins, our revenue in the following years may deteriorate. As a result, the loss of any key design win or any significant delay in the production of the customer's products into which our product is designed could adversely affect our business, financial condition and results of operations.

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly scientists, engineers, technicians and sales and marketing personnel with substantial experience in the semiconductor industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our research and development departments, managerial and operating systems, sales and marketing teams and other functionalities also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives.

As of March 31, 2026, we had 351 full-time employees, a majority of whom worked in our research and development and sales and marketing divisions. Competition for these personnel with the appropriate qualifications in the semiconductor industry can be intense, and we may experience difficulty in hiring and retaining such candidates. Failure to obtain stable and skilled personnel and other labor support may lead to underperformance of these functions and cause disruption to our business. Furthermore, our cost structure is vulnerable to increase in labor costs. If the compensation package we offer is not competitive in the market, we may not be able to provide sufficient incentives to or maintain a stable and dedicated talent pool. Any failure to address these risks and uncertainties could materially and adversely affect our business and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

If our semiconductor solutions do not conform to, or are not compatible with, existing or emerging industry standards, demand for our semiconductor solutions may decrease, which in turn could harm our business, financial condition and results of operations.

There are prevailing standards in the industry for designing semiconductor solutions. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers. Our ability to compete in the future will depend on our ability to identify and ensure compliance with evolving industry standards in our target markets. The emergence of new industry standards could render our solutions incompatible

or obsolete. If industry groups or other major players adopt new or competing industry standards with which our solutions are not compatible, our solutions could become less desirable to our current or prospective customers. As a result, our sales could suffer, and we could be required to make significant expenditures to develop new solutions or modify the existing ones. We cannot guarantee that our future solutions and technological enhancements will conform to the then prevailing industry standards under all circumstances. If our solutions do not conform to, or are not compatible with, existing or emerging standards, our business, financial condition and results of operations could be materially and adversely affected.

Our lengthy and complex product cycle including designing, taping-out, fabricating, packaging and testing, in addition to our customers' qualification and design cycle, may result in uncertainty and delays in revenue generation.

The production of our designs requires a lengthy manufacturing and packaging process. Additional time may pass before a customer commences taking volume shipments of products that incorporate our solutions. Even when a manufacturer agrees to design our solutions into its products, it may not deliver final products incorporating our semiconductor solutions. See also "— Our customers and/or end customers may require our semiconductor solutions to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our semiconductor solutions with a customer, our business, financial condition and results of operations could suffer."

Given this lengthy cycle described above, we may experience a delay between the time we incur expenditures for research and development and sales and marketing efforts and the time we generate revenue, if any, from these expenditures. This lengthy cycle makes it more difficult to forecast customer demand, which adds uncertainty to the manufacturing planning process and could adversely affect our business, financial condition and results of operations. In addition, the product life cycle for certain of our semiconductor solutions designed for use in certain applications can be relatively short. If we fail to appropriately manage the manufacturing and packaging process, our solutions may become obsolete before they can be incorporated into our customers' products and we may never realize a return on investment for the expenditures we incur in designing, developing and producing these solutions.

Quality control and reliability is especially critical in the semiconductor industry, and any product defects, delays in delivery and adverse performance reliability could negatively affect our business, financial condition and results of operations, and may expose us to contractual liabilities, litigation risks and regulatory actions.

Our customers generally establish demanding specifications for quality, performance, and reliability that our solutions are required to meet. Our solutions based upon evolving technologies are highly complex. The integration of additional functions into already complex solutions could result in a greater risk that customers or end-users could discover latent defects after we have already shipped significant quantities of a product, which might require product replacement or recall. Defective products can be caused by design, defective materials or component parts, or manufacturing difficulties. In particular, our third-party manufacturing processes or changes thereof, including raw material used in the manufacturing processes, may cause delays in production or cause our products to malfunction or fail. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a portion of the components on a wafer to be non-functional. These problems may be difficult to detect at an early stage of the manufacturing process and are often time-consuming and expensive to correct.

We may from time to time encounter product quality, performance and reliability issues. Delivery of products with defects or reliability, quality or compatibility problems may damage our reputation and ability to retain existing customers and attract new customers. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expense and costs associated with customer support, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our business, financial

condition and results of operations. We may also face litigation and regulatory actions in relation to our product defects and failures. See "— If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities."

Furthermore, we cannot guarantee that we will always achieve acceptable yields at third-party foundries, which may result in delays in the availability of components. Moreover, an increase in the rejection rate of these components, or our solutions incorporating them, during the quality control process before, during or after the manufacturing process may result in lower yields and margin, as well as disruptions to our delivery schedule.

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing customer needs and the introduction of new business lines may significantly reduce manufacturing yields, potentially affecting our gross profit margin at least in the short term. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver solutions on a timely basis, increase our gross profit margin, and maintain a stable relationship with our customers, which could materially and adversely affect our business, financial condition and results of operations.

Our customers and/or end customers may require our semiconductor solutions to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our semiconductor solutions with a customer, our business, financial condition and results of operations could suffer.

Prior to purchasing our solutions, our customers and/or end customers require that our solutions undergo extensive qualification processes, which involve testing of our solutions in the customers' systems, as well as testing for reliability. This qualification process may continue for several months. After our solutions are qualified, it can take several months or more before the customer commences mass production of components or systems that incorporate our solutions.

Moreover, qualification of a product by a customer does not assure final sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our foundry partners' manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and our holding excess or obsolete inventory. If we are unsuccessful or delayed in qualifying any of our solutions with a customer, sales of those solutions to the customer may be precluded or delayed, which may harm our business, financial condition and results of operations.

We may not be able to deepen our presence or increase our market share in target markets successfully. If we fail to expand our operations in target markets as expected, our growth could be adversely affected.

Our growth will be dependent upon, among other things, our ability to analyze correctly the conditions of our target markets we intend to penetrate, adapt to the business environment of the changing market conditions and conclude successful negotiation with potential business partners. If we fail to adapt to the business environment and conditions of these markets or fail to provide products matching demands of these markets, or the economies of the markets suffer any downturn, or there is any tension between the economies and where we mainly operate, or there is any fluctuation in currency exchange rates or unexpected changes in regulatory requirements of markets, or any of the business arrangements in which we are a party are not successful, our operation and financial performance will be materially adversely affected.

We may be subject to additional tax liabilities in connection with our transfer pricing arrangements, which could have adverse impacts on our financial condition.

During the Track Record Period, we carried out certain intra-group transactions, mainly intragroup sales of goods and various service arrangements. Our profit allocation and income tax positions in the jurisdictions in connection with such transfer pricing arrangements are subject to

the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in these jurisdictions. Significant judgment and the use of estimates are required in determining our profit allocation and income tax positions in terms of our transfer pricing arrangements. If a competent tax authority of a relevant jurisdiction determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and reallocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest or fines.

Strategic alliances, investments, acquisitions and divestitures may affect our business, financial condition and results of operations. We may not be able to achieve our anticipated benefits and synergistic effects from such alliances, investments and acquisitions.

We may enter into strategic alliances with various third parties, such as our key customers and suppliers, to facilitate the implementation of our business strategies from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor such third parties' actions. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we have in the past invested in additional assets, technologies or businesses that are complementary to our existing business. For example, we made investments in an IC design and sales company in 2023 and 2024, which has enhanced our technological capabilities and synergies across our business lines. We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including potential acquisitions of businesses, technologies, services, products and other assets, as well as strategic investments, joint ventures and alliances.

Anticipated financial benefits of potential acquisitions may not materialize if the acquisitions are unsuccessful. If any acquired business underperforms relative to our expectations, if integration costs exceed our estimates, or if we are required to recognize impairment charges in respect of goodwill or other intangible assets arising from the acquisition, our business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, acquisitions involve inherent valuation risks. We may overestimate the value of potential acquisition targets or fail to accurately assess their financial condition, technological capabilities, market position, or growth prospects. The valuation of target companies, particularly in the semiconductor industry, is subject to significant uncertainties, including rapidly evolving technology trends, competitive dynamics, and market conditions. We may pay consideration that exceeds the fair value of the acquired business, which could result in impairment charges if the acquired business fails to perform as expected or if market conditions deteriorate. Any such overvaluation could have a material and adverse effect on our financial condition and results of operations.

Investments or acquisitions and the subsequent integration of new assets, brands, and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. The integration of acquired businesses involves numerous risks, including: (i) challenges in maintaining uniform standards, controls, procedures, and policies across the combined organization; (ii) potential loss of key employees, customers, or suppliers of the acquired business due to uncertainties arising from the acquisition; (iii) difficulties in integrating and maintaining acquired brands, and potential dilution or damage to our existing brand reputation; (iv) cultural differences between the acquired business and our organization that may impede

effective collaboration and integration; (v) unforeseen liabilities or contingencies associated with the acquired business that were not identified during due diligence; and (vi) the cost and duration of integrating newly acquired businesses, which could materially exceed our expectations.

We may also face challenges in international acquisitions, such as compliance with local law and regulation, limited access to target companies and cultural assimilation challenges. Such investments or acquisitions may fail to deliver the anticipated strategic or financial benefits, including cost savings, revenue growth, or technological advancements. Any such negative developments could have a material and adverse effect on our business, financial condition and results of operations.

Other risks associated with strategic alliances, investments, acquisitions and divestures include: (i) difficulty in realizing the potential technological benefits of the transaction; (ii) adverse effects on existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel; (iii) risks associated with entering markets in which we lack experience; and (iv) negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses.

From time to time, we may also divest under-performing businesses, or businesses that no longer fit our overall strategy. Such divestitures may have a negative impact on our financial performance for the relevant period. Our failure to address these risks successfully could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to sustain our historical growth rates or effectively implement our business strategies and expansion plans. If we do not successfully manage our growth, our ability to increase our revenue and improve our earnings could be adversely affected.

We have experienced rapid growth in recent years. Our revenue increased from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, and further increased to RMB1,221.3 million in 2025. Our revenue increased from RMB261.1 million in the three months ended March 31, 2025 to RMB280.0 million in the same period in 2026. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow or our revenue may decline for any number of possible reasons, such as decreased customer orders, increased competition, slowdown in the growth or contraction of the semiconductor industry, changes in policies or general economic conditions, and natural disasters or outbreaks of pandemics. If our growth rate declines, [**REDACTED**] perceptions of our business and business prospects may be adversely affected and the [**REDACTED**] of our ordinary shares and H Shares could decline.

We plan to achieve our business growth by implementing a series of strategies, such as maintaining technology leadership and developing leading, feature-rich solutions, further increasing market share and penetrating our addressable markets, innovating our application-specific technologies to expand into new verticals, and continuing to strengthen global ecosystem through partnerships and supply chain optimization. There is no assurance that we will be able to implement our business strategies and expansion plans successfully, which in turn are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialize. We may encounter difficulties in implementing our business strategies such as failing to further expand our operations due to intense competition in the semiconductor industry and the new regulations in the semiconductor industry that we may not be familiar with. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate.

To manage our growth effectively, we must, among other things: (i) solidify our technology barriers and continuously enhance ability to innovate; (ii) continuously monitor market trends in real time and update our products accordingly; (iii) continuously improve our operational, financial and accounting systems; (iv) train, manage and maintain good relations with our existing employee

base; (v) continue to broaden our market presence by expanding into new markets, customers and sales channels; (vi) attract and retain qualified personnel with relevant experience; (vii) effectively manage trade receivables and inventory; and (viii) navigate evolving trade and investment policies — both domestically and internationally — that may impact our supply chain, market access, investment strategy, and overall business operations.

Our expansion plan may not achieve their intended objectives or may take longer than expected to implement, which could materially and adversely affect our business, financial condition, and results of operations.

Our expansion plans involve significant investments in R&D personnel, facilities, equipment, and supply chain infrastructure over a six-year period. Our ability to achieve the intended benefits of these investments depends on a number of factors, including our ability to successfully recruit and retain qualified R&D personnel in a competitive talent; develop next-generation products that achieve commercial success and market acceptance; successfully integrate new R&D equipment and software tools into our existing operations; and strengthen effective overseas supply chain and operational infrastructure.

There can be no assurance that we will be able to successfully implement our expansion plans within the anticipated time-frame or budget, or that these investments will generate the expected returns. If we fail to execute our expansion plans effectively, or if market conditions change materially, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

Our future results may fluctuate, fail to match past performance or fail to meet expectations as a result of conditions beyond our control, such as general economic conditions in the overseas and domestic markets, cyclical and other market conditions within our industry and the financial health and viability of our suppliers and customers.

Our results may fluctuate in the future, may fail to match our past performance or fail to meet our expectations and the expectations of [**REDACTED**] and [**REDACTED**] as a result of conditions beyond our control. Our results and related ratios, such as gross profit margin, operating profit margin and effective tax rate may fluctuate for a variety of reasons beyond our control, including: (i) general economic and political conditions in the countries and regions where we sell our semiconductor solutions; (ii) the timing of new product introductions by our customers and our competitors; (iii) cyclicity and variability in downstream markets; (iv) movements in exchange rates, which can impact our reported revenues, cost of goods sold, and profitability, especially given that we operate across multiple jurisdictions and transact in various currencies; (v) unexpected changes in the manufacturing and delivery capabilities of our foundry partners and packaging service providers; (vi) imposition of additional trade and investment restrictions, tariffs, export controls, or sanctions that could increase our costs, disrupt our supply chain, limit our access to key markets, or constrain our ability to invest in or collaborate with certain technologies or jurisdictions; and (vii) fluctuations in interest rates, which may affect our financing costs, capital expenditures, and investment returns, particularly if we rely on variable-rate debt or seek to fund growth through external financing.

Our success depends on the continuing and collaborative efforts of our management team, and our business may be disrupted if we lose their services.

Our success depends upon the continued services of our management. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, suppliers, know-how and key professionals and staff members. All of our senior management members have entered into employment agreements and confidentiality and non-competition agreements with us. However, if

any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may be unable to enforce them at all. We may also incur increased operating expenses and be required to divert the attention of other senior executives away from their original duties to recruiting replacements for key personnel. In addition, we do not have key person insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our reputation, resulting in an adverse effect on our business, operating results and financial condition.

Natural disasters, health epidemics, acts of war or terrorism and other business disruptions beyond our control may have a material adverse effect on our business operations, financial condition and results of operations.

We are vulnerable to natural disasters, health epidemics, terrorist attacks, armed conflicts, wars and other acts of violence, in addition to regional or international crisis, calamity or emergency, which may lead to significant loss of personnel and damages to properties, or otherwise cause material disruptions to our business and operations. For example, the recent political instability in Israel could raise energy prices and disrupt global markets. Unrest in the Middle East and elsewhere may increase market volatility across the globe. Our business could also be harmed if such events interrupt the operations of our foundry partners and service providers, or the operations of our customers, distributors and other business partners. The ultimate impact of business interruption events, both in terms of direct impact on us and our supply chain, as well as on our customers (including their willingness to procure, potential supply chain issues as well as end-market demand), may not be known for a considerable period of time following the events. Overall, the aforesaid instabilities had not had a material impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date, and is not expected to have a material impact on our business operations or financial performance in the foreseeable future.

Our business depends on the proper functioning of internal processes and information technology systems. A failure of these processes and systems, data breaches, cyber-attacks, or cyber-fraud may cause business disruptions, compromise our intellectual property or other sensitive information, litigation or government actions, or result in losses.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of information technology infrastructure and software, and our ability to expand and continually update technologies in response to changing needs is critical to our business. Any significant interruption in these applications, systems or networks, including new system implementations, computer viruses, cyberattacks, security breaches, facility issues or energy blackouts, could have a material and adverse impact on our business, financial condition and results of operations.

Cyber-attacks attempting to obtain access to our computer systems and networks could result in the misappropriation of proprietary information and technology. There can be no assurance that a future breach or incident will not have a material impact on our operations and financial results. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the potential loss of existing or potential customers, damage to reputation, and other financial loss. In addition, the cost and operational consequences of responding to attempted breaches and implementing remediation measures could be significant.

Cyber-attacks or other catastrophic events could result in interruptions or delays to us, our customers, or other third-party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with customers and suppliers. Further, we may be subject to theft, loss, or misuse of personal data regarding our employees, customers and suppliers that is routinely collected, used, stored, and transferred to run our business. Such theft, loss, or misuse could result in significantly increased business and security costs or costs related to defending legal claims.

Our business also depends on various outsourced IT services. We rely on third-party vendors to provide certain services and to adequately address cyber security threats to their own systems. Any material failure of third-party systems and services to operate effectively could disrupt our operations and could have a material and adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not completely cover the risks related to our business and operations.

We maintain insurance policies that are required under the laws and administrative regulations of the jurisdiction where we operate as well as based on our assessment of our operational needs. We maintain insurance policies on our buildings, equipment and inventories covering property damage and damage due to, among other events, fires, typhoons, earthquakes and floods. We maintain these insurance policies on our facilities and have arranged open cover insurance for import and export cargo transportation and domestic cargo transportation. We also maintain property insurance for our operations. However, we currently do not maintain director and officer liability insurance. According to Frost & Sullivan, our current insurance is consistent with industry practice. In compliance with the applicable PRC laws and regulations, we also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance to our employees. In addition, we also provide certain types of commercial insurance to our employees. We do not have insurance for business interruptions, nor do we maintain product liability insurance or key person insurance. We cannot assure you that our insurance coverage is sufficient to cover all of our risk exposure and prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business.

As of the Latest Practicable Date, we held nine leased properties in China which are primarily used as offices and warehouses. We generally enter into long-term lease agreements with our lessors. However, there can be no assurance that we would be able to renew the relevant lease agreements at reasonable cost, or at all; if we fail to do so, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, or we may not be able to find suitable alternatives in a timely manner, or at all, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, six of our leased properties had not been registered, which required cooperation of the property owners. As advised by our PRC Legal Advisors, the failure to register such lease agreements for our leased properties will not in itself affect the validity or enforceability of the relevant lease agreements, nor will it restrict our right to continue using such leased properties or materially and adversely affect our operations. However, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease if we fail to complete the registration within the prescribed time frame after receiving notice from the relevant competent

authorities in mainland China. Accordingly, the maximum aggregate fine would be approximately RMB70,000, which accounted for less than 0.05% of our revenue in 2025. Therefore, our Directors believe that such non-compliance will not have any material adverse impact on our business operations. See "Business — Land and Properties — Leased Properties." If we are challenged by government authorities in connection with our use of the foregoing leased properties, we may be subject to fines and, as a result, our business, results of operations and financial condition may be adversely affected.

Our ability to compete will be harmed if we are unable to protect, maintain or enforce our intellectual property rights adequately. Our patents, trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We believe that the protection of our intellectual property rights is, and will continue to be, important to the success of our business. We rely on a combination of patents, trade secret protection, non-disclosure and other contractual agreements and trademarks to establish and protect our proprietary intellectual property rights. Our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations.

Our ability to obtain additional patents is uncertain and the legal protection afforded by these patents may not adequately protect our rights or permit us to gain or keep competitive advantage. In addition, the specific content required of patents and patent applications that are necessary to support and interpret patent claims can be uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in China, the United States or elsewhere may diminish the value of our intellectual property or narrow the scope of our patent protection. We cannot assure you that any patent will be issued as a result of any applications or, if issued, that any claims allowed will be sufficiently broad to protect our technology. It is possible that existing or future patents may be challenged, invalidated or circumvented. In addition, the cost to litigate infringements of our patents, or the cost to defend ourselves against patent infringement actions by others, could be substantial and, if incurred, could materially affect our business and financial condition. See "— If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities."

Proprietary trade secrets and unpatented know-how are also very important to our business. We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time consuming and may not be successful at all. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which results in protracted and expensive litigation for many companies. We may receive claims from various industry participants alleging infringement of their patents, trade secrets or other intellectual property rights in the future. These claims may increase as our intellectual property portfolio becomes larger and/or more valuable. Intellectual property

claims against us, and any resulting lawsuit, may cause us to incur significant expenses, subject us to liability for damages and invalidate our proprietary rights. Any potential intellectual property litigation against us would likely be time-consuming and expensive to resolve and could divert management's time and attention and could also force us to take actions such as: (i) ceasing the sale or use of products or services that incorporate the infringed intellectual property; (ii) obtaining from the holder of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on acceptable terms, if at all; or (iii) redesigning those products or services that incorporate the disputed intellectual property, which could result in substantial unanticipated development expenses and delay and prevent us from selling the solutions until the redesign is completed, if at all.

If we are subject to a successful claim of infringement and we fail to develop non-infringing intellectual property or license the infringed intellectual property on acceptable terms and on a timely basis, we may be unable to sell some or all of our solutions, and our business, financial condition and results of operations could be adversely affected. We may in the future initiate claims or litigation against third parties for infringement of our intellectual property rights or to determine the scope and validity of our proprietary rights or the proprietary rights of competitors. These claims could also result in significant expense and the diversion of technical and management attention.

In addition, third parties may assert claims of infringement and misappropriation of proprietary rights based on the use or resale of our solutions against our business partners with whom we do business. In addition, the end customers may also be named as parties in these claims. Under our agreements with certain suppliers and customers, we may be required to defend protracted and costly litigation on their behalf, regardless of the merits of these claims, or to indemnify these parties for such claims. If we are required or agree to defend or indemnify any of our suppliers, customers or their end customers in connection with any claims of infringement or misappropriation of proprietary rights or injunctions are secured by third parties that prevent the sale of products that incorporate our solutions, we could incur significant costs and expenses and experience a significant decrease in our revenue that could adversely affect our business, financial condition and results of operations.

Our ability to design, introduce and sell our semiconductor solutions is dependent in part upon third-party intellectual property rights.

In the design and development of new semiconductor solutions, product enhancements and sales of current solutions, we rely in part on third-party intellectual properties such as development tools and testing tools. Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet future customer demands for more features and greater functionality from semiconductor solutions may exceed the capabilities of the third-party intellectual property or development tools that are available to us. In addition, hardware and software tools and products procured or licensed from third parties may contain design or manufacturing defects that such third parties are unable to resolve, including flaws that could unexpectedly interfere with the operation of our solutions. Furthermore, some of the software licensed from third parties may not be available in the future on terms acceptable to us or allow our solutions to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future solutions or the enhancement of existing solutions. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet customer demands, our business could be harmed.

The intellectual property laws of different jurisdictions may differ and we may not be able to protect or enforce our intellectual property rights in certain jurisdictions.

Our international operation requires us to seek protection of our intellectual property in various jurisdictions including China, Hong Kong, the United States or other countries or regions in which we operate, relying on a combination of trade secrets and regulatory protection methods. As of the Latest Practicable Date, we owned 80 patents, nine software copyrights, and 83

composition designs around the globe. The issuance, scope, validity and enforceability of our patents and other intellectual property rights are highly uncertain and differ significantly in different jurisdictions. For example, filing and prosecuting patent applications and defending patents covering our technologies in all countries across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained sufficient intellectual property protection and may subsequently export otherwise infringing solutions to territories where we have intellectual property protection, taking advantage of the varying levels of law enforcement across jurisdictions. Furthermore, while we intend to protect our intellectual property rights in our significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to expand our business.

In addition, the laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in certain other jurisdictions, and many companies have encountered significant difficulties in registering, protecting and defending such rights in certain jurisdictions. Furthermore, the legal systems of certain countries, particularly developing countries, may not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or the sales and marketing of competing solutions in violation of our proprietary rights generally. Proceedings to enforce our patent rights in different jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our business, financial condition and results of operations.

Our patent applications may not be issued as patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting solutions similar to ours.

We cannot be certain that we are the first inventor of the subject matter for which we have filed a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application covering the same subject matter as we have developed, and such application has priority against our patent application, we may not be entitled to the protection sought by our patent application, including preventing third parties from commercializing the same or similar technologies. Further, the scope of protection of patent claims may be limited or narrowed if the examining authority determines there is cause to do so, such as if claims included in the patent application cover subject matter that is ineligible for patent protection or is obvious, or are deemed to lack sufficient detail to enable practicing the invention or in the event of the existence of prior art. As a result, we cannot be certain that the patent applications that we file will result in issued patents, or that our issued patents will be broad enough to protect our technology or otherwise afford protection against competitors with similar technology. In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Our competitors may challenge or seek to invalidate our issued patents, or design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. Also, the costs associated with enforcing patents, confidentiality and invention agreements, or other intellectual property rights may make aggressive enforcement impracticable.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our solutions.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights.

We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

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

We have devoted substantial resources to the development of our technology and know-how. We cannot assure you that our confidentiality agreements and non-compete covenants with employees and other third parties will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, non-compete covenants with their prior employers, or establish business relationship with third parties who breached confidentiality covenants with their other business partners, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, non-compete covenants in a way that benefits us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including various disputes with or claims from our employees, shareholders, suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. We may be subject to litigation and regulatory proceedings relating to third-party and principal intellectual property infringement claims, contract disputes, employment related cases, cross-border payment and settlement disputes and other matters in the ordinary course of our business.

As our business expands, including across jurisdictions and through the addition of new businesses, we may encounter a variety of these claims, including those brought against us pursuant to anti-monopoly or unfair competitions laws or involving higher amounts of alleged damages. We may acquire companies that may become subject to litigation, as well as regulatory proceedings.

As a publicly-listed company, we may face additional exposure to claims and lawsuits, including securities law class actions. We will need to defend against these lawsuits, including any appeals should our initial defense be successful. The litigation process may utilize a material portion of our cash resources and divert management's attention away from the day-to-day operations of us, all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material and adverse effect on our reputation, business, financial condition and results of operations. In addition, certain of our Directors may be subject to alleged class actions due to their current or previous directorships in other listed companies. Our Directors and executive officers may also face litigation or proceedings (including alleged or future securities class action) unrelated to their respective capacity as a Director or executive officer of our company, and such litigation or proceedings may adversely affect our public image and reputation.

We operate in accordance with environmental, occupational health and safety and other similar laws and regulations, which may involve modifying our activities or incurring substantial costs, and such laws and regulations could subject us to substantial costs, liabilities, obligations and fines, or require it to have suppliers alter their processes.

The semiconductor industry is subject to a variety of international and domestic laws and regulations governing pollution, environmental protection and occupational health and safety. As a fabless company, we are focused on the design and sales of our products while outsourcing the manufacturing process, however, compliance with current or future environmental and occupational health and safety laws and regulations could restrict our ability to expand our business or require us to modify processes or incur other substantial expenses which could harm our business. Environmental and occupational health and safety laws and regulations have tended to become more stringent over time, causing a need to redesign technologies, imposing greater compliance costs and increasing risks and penalties associated with violations, which could seriously harm our business.

Our compliance and risk management systems may not be sufficient to protect us from credit, market, liquidity, operation and other risks.

We have business relationship with clients from countries around the world, including in countries with a strong commitment to anti-corruption and ethical behavior. We have established compliance and risk management systems that support our operational business processes to comply with laws and regulations. However, there can be no assurance that our compliance and risk management systems are adequate to address all applicable risks in every jurisdiction. We are subject to the risk that we, our employees or any third-parties that we engage to do work on our behalf in certain countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business. Corruption can result in huge economic losses due to fraud, theft and waste. Moreover, corruption can corrode critical public institutions, such as the courts, law enforcement and public pension administration, thereby undermining property rights, public confidence and social stability. As a result, corruption dramatically increases the systemic risks that exist in some of the jurisdictions in which we operate. We are thus exposed to the increased costs and risks of corruption where we operate, and there can be no assurance that any reform efforts will have a meaningful effect during our term. The United States has the FCPA, and other jurisdictions have adopted similar anti-corruption laws. Many of these laws have extraterritorial application. In addition, we will have internal ethics policies that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed.

In recent years, the U.S. Department of Justice has devoted greater resources to enforcement of the FCPA. Other countries have also adopted or improved their anti-corruption legal regimes in recent years. We are committed, to the fullest extent permitted by applicable law, to complying with the FCPA and other anti-corruption laws and regulations, anti-bribery laws and regulations, as well as anti-boycott regulations to which they/we are subject. As a result, we could be adversely affected because of our unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations can make it difficult in certain circumstances for us to act successfully on investment opportunities or to obtain or retain business.

Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, financial condition and results of operations. In addition, we will have internal ethics policies that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed. In addition, we could incur costs and expenses associated with engaging external counsel or other third-party consultants or professionals in connection with

inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws. In these cases, we could suffer significant losses from the cost of defense, interruption to ordinary operations and fines and penalties.

Non-compliance on the part of our business partners or other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our business partners or other third parties. Our business partners, as well as other third parties who entered into business relationships with us, may also be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all.

If any governmental investigations, lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our business partners, or other third parties involved in our business, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

Any negative publicity with respect to us, the industry we are in or our business partners may materially and adversely affect our reputation, business, financial condition and results of operations.

We believe that our corporate reputation plays an increasingly important role in enhancing our competitiveness in the semiconductor industry and maintaining our business growth. Our ability to manage our corporate reputation depends on whether we could successfully provide innovative and reliable products to our customers. Many other factors, some of which are beyond our control, may negatively impact our corporate reputation if not properly managed. Product quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand. In addition, we, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our [**REDACTED**] and customers.

We face risks associated with inventory impairments if we are unable to sell our products in a timely manner or market conditions change.

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had inventories of RMB225.2 million, RMB243.4 million, RMB282.4 million and RMB303.4 million, respectively. Our inventory turnover days were 252 days, 226 days, 238 days and 241 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. As we plan to continue expanding our business scale, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraint to our operating cash flow and expose us to greater risk of negative price fluctuations. During the Track Record Period, we recorded write-down of inventories to net realizable value due to the lower estimated realizable value of our inventories than their costs. We recorded write-down of inventories to net realizable value of RMB7.6 million in 2023, RMB17.0 million in 2024, RMB31.0 million in 2025 and a net reversal of RMB1.3 million in the three months ended March 31, 2026, respectively. If we fail to

manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margin. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products and solutions, or if our foundry partners fail to supply quality wafers in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to credit risk, including concentration of credit risk, due to customer defaults, which could harm our business, financial condition, results of operations and cash flows.

As of December 31, 2023, 2024, 2025 and March 31, 2026, our trade receivables were RMB132.1 million, RMB133.6 million, RMB146.6 million and RMB145.7 million, respectively. Our trade receivables turnover days were 74 days, 47 days, 42 days and 47 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. The increased amount of our trade receivables exposes us to increased credit risk. We have certain concentrations of credit risk as a significant portion of our trade receivables are attributable to a limited number of customers. As of December 31, 2023, 2024, 2025 and March 31, 2026, our trade receivables due from our largest customer in each year/period were RMB31.9 million, RMB29.1 million, RMB22.3 million and RMB24.9 million, respectively, and our trade receivables due from our five largest customers in each year/period were RMB94.1 million, RMB68.6 million, RMB52.2 million and RMB61.0 million, respectively. Our business and results of operations could be affected by developments relating to these key customers.

We cannot assure you that in the future, we will be able to recover all the trade receivables. Should we fail to recover all the trade receivables, it will adversely affect our business, financial condition and results of operations. While we normally do not agree to extend the payment terms for our customers, we cannot guarantee that we will not have to do so in certain cases going forward. Any loss of or a sharp reduction in our customers' sales, default by our customers, a prolonged delay in the payment of trade receivables or the extension of payment terms for our customers could adversely affect our cash flow, liquidity, business, financial condition and results of operations.

We are subject to risks related to a relatively long cash conversion cycle.

We have a relatively long cash conversion cycle. Our cash conversion cycle, calculated as inventory turnover days in each period plus the trade receivables turnover days in the respective period minus the trade payables turnover days in the respective period, was 268 days, 222 days 225 days and 229 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, which was largely driven by our inventory turnover days of 252 days, 226 days, 238 days and 241 days for the same periods, respectively. We have been and will continue to implement inventory management measures to enhance inventory turnover and working capital status. However, such measures may not always be effective or be implemented as we desire. If we cannot manage our inventory balance efficiently or match the turnover of our trade receivables and trade payables appropriately, we may have a longer cash conversion cycle. With respect to our inventory turnover, we cannot assure you that we can timely and effectively sell our inventories or we will not stock up inventories in case of supply chain disruptions, strategic considerations or other reasons, which could increase our inventories and prolong our inventory turnover. A long cash conversion cycle could add pressure to our working capital and, if we cannot fund our working capital needs with our cash reserves or operating cash flows, we may have to obtain external financing to support our operations, which may not always be adequate or timely, or come in acceptable terms, if at all. As a result of such prolonged cash conversion cycle, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

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

As of March 31, 2026, our financial assets at fair value through profit or loss amounted to RMB761.5 million, which primarily consisted of our investments private equity fund and structured deposits. Financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value directly affect our results of operations.

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

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

We have granted, and may continue to grant, restricted shares and other types of awards under our share incentive plans, which may result in increased equity-settled share-based payments.

We have adopted share incentive plans to provide additional incentives to employees and Directors. We recorded RMB44.6 million, RMB29.3 million, RMB32.3 million and RMB23.9 million in equity-settled share-based payments in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based payments may increase, which may have an adverse effect on our results of operations.

Our business is subject to cyclical fluctuations which may in turn cause fluctuations in our results of operations and cash flows from period to period.

Our results of operations were subject to cyclicity in the past due to a number of factors, many of which are beyond our control. These factors and other industry risks, many of which are more fully discussed in our other risk factors, include: (i) the cyclical nature of the growth of end markets and customer demand for our solutions; (ii) our gain or loss of a large customer, or cutbacks in orders from such customers; (iii) competitive pricing pressures; (iv) our ability to achieve design wins; (v) the availability of production capacity at our foundry partners; (vi) the growth of the market for semiconductor solutions and applications using semiconductor solutions; (vii) the deferral of customer orders in anticipation of new solutions, product designs or enhancements; and (viii) adverse changes in domestic or global economic conditions.

In particular, the global non-volatile memory chip market experienced a significant downturn from 2022 to 2023, primarily due to price declines caused by global overcapacity and an industry-wide inventory de-stocking cycle. In 2024, the industry began to show signs of recovery, which drove a rise in our revenue and net profit.

We also anticipate that the rate of orders from our customers may vary significantly from period to period, while our operating expenses are relatively fixed in the short-term. Consequently, if we do not achieve the revenue we expect in any period, expenses and inventory levels could be disproportionately high, adversely impacting our results of operations and cash flows for that period, and potentially in future periods.

All of these factors are difficult to forecast and could result in fluctuations in our results of operations. Fluctuations in our results of operations could adversely affect our share price in a manner unrelated to our long-term operating performance.

Our future tax rates and tax payments could be higher than we anticipate and may harm our business, financial condition and results of operations, and we are subject to risks associated with changes in the preferential tax treatment applicable to us and certain of our subsidiaries.

We conduct our business in multiple countries and are subject to taxation in multiple jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations. The application of tax law is subject to legal and factual interpretation, judgment and uncertainty. A number of other factors will also affect our future tax rate, and some of these factors could increase our effective tax rate in future periods, which could adversely impact our results of operations. These factors include changes in non-deductible share-based payments, changes in the proportion and geographic mix of our revenue or earnings, changes in the valuation of our deferred tax assets and liabilities, changes in available tax credits, and the resolution of issues arising from tax audits.

Furthermore, local tax laws and regulations have provided certain preferential tax treatments applicable to different enterprises, industries and locations. We and some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and/or the location of our operations. For example, we enjoy a preferential income tax of 10% due to our qualifications as a "Key Integrated Circuit Design Enterprises and Software Enterprise." Any change or elimination of such preferential tax treatments may materially and adversely affect our business, financial condition and results of operations. See Note 12 to the Accountants' Report set out in Appendix I to this document for details on the tax expenses we accrued and tax rates we were subject to during the Track Record Period.

If we need additional capital in the future, it may not be available to us on favorable terms, or at all. Our ability to raise additional funds depends on a variety of factors, including our credit ratings and anticipated results of operations.

Our cash, cash equivalents and short term investments primarily come from cash provided by operating activities. Although we currently expect our available cash, cash equivalents and short term investments, together with cash we anticipate generating from operating activities, will be sufficient to satisfy our capital requirements for the foreseeable future, if we are unable to sell our inventories or collect on our trade receivables as anticipated, we may be required to raise additional capital through equity or debt financing. Such additional financing may not be available on acceptable terms, or at all, and could have a material and adverse effect on our business, financial condition, results of operations and prospects. If we raise additional funds through issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership and any new securities we issue could have rights, preferences and privileges senior to those of holders of our common shares. We are also subject to credit rating by third-party agencies, any decline in credit ratings could increase our financing cost, affect our ability to raise additional capital, and in turn have a material and adverse effect on the future growth of our business.

The strategic priorities and financial performance of many of our businesses are subject to the market and other dynamics related to carbon neutrality and ESG, which can pose risks in addition to opportunities.

There is an increasing focus from certain [**REDACTED**], customers and other parties in society concerning corporate responsibility, specifically related to ESG factors. Accordingly, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies in order to measure and assess ESG performance, which pose reputational, regulatory and other risks on us. We believe that it is our responsibility to devote substantial time

and resources to develop technology and products designed to reduce carbon footprint. In the meantime, given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change, and these changes present both risks and opportunities for our businesses. The process of developing new technology products and enhancing existing products to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all, which could impact our operating results and financial conditions. Furthermore, our success in advancing decarbonization objectives across our businesses will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies.

In addition, the ESG factors by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria or we are unable to respond or perceived to be inadequately responding to sustainability concerns, [**REDACTED**] may conclude that our policies with respect to corporate responsibility are inadequate and choose to purchase products from a competitor of us. We risk damage to our brands and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties.

In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity and material and adverse effect on our business, financial condition and results of operations. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could result in our competitors achieving competitive advantages through lower costs in supply chain or operation, which could adversely affect our business, results of operations, financial condition and prospects.

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, the environment, occupational health and safety and labor practices, in jurisdictions in which we operate. As a fabless company, we focus on the design and sales of our products while outsourcing the manufacturing process. However, we are required to comply with laws, regulations and various industry standards relating to environmental protection such as air emissions, discharges of waste water, waste gas and solid waste, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things.

We are also subject to periodic monitoring by environmental protection authorities in various jurisdictions in which we operate. Compliance with these laws and regulations is costly, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of license to operate certain facilities and other sanctions, unexpected interruptions to operations, securities litigation and a general loss of [**REDACTED**] confidence, any one of which could have a material adverse impact on our business prospects, financial condition and results of operations as well as the market value of our Shares. Furthermore, future developments such as new and more restrictive or changes to existing laws and regulations relating to, among other areas, the environmental, occupational health and safety and labor practices, more aggressive enforcement of existing laws and regulations or the discovery of presently unknown environmental conditions may require us to make material changes to our products and operations or require additional expenditures, which could have an adverse effect on our business, financial condition and results of operations.

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning distributors, retailers, manufacturers, and their products and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.

Although we are currently not subject to any litigation, we may in the future become subject to a variety of litigation and legal compliance risks. Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. We estimate loss contingencies and establish accruals as required by the applicable accounting standard, based on our assessment of contingencies where liability is deemed probable and reasonably estimable, in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings, volatility in foreign currency exchange rates and other factors may affect our assessment and estimates of the loss contingency recorded and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which amounts would be paid. Actual results may significantly vary from our reserves.

RISKS RELATING TO JURISDICTIONS IN WHICH WE OPERATE

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, while others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are

subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate.

These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats intended to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are influenced by government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations adopted by regulators are inconsistent with those applied by courts in analogous cases. As a result, we may not become aware of our violation of certain policies or rules until sometime after the violation has occurred. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

Operating across multiple jurisdictions also increases our compliance burden and cost base. We must navigate different legal standards, licensing requirements, labor laws, tax regimes, and reporting obligations, often requiring localized legal counsel and compliance infrastructure. These complexities may slow down decision-making, increase operational overhead, and heighten the risk of inadvertent noncompliance.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

As a company listed on the Shanghai Stock Exchange STAR Market, we, our Directors, senior management, employees and shareholders are subject to securities regulations and exchange listing rules in the PRC. Failure to comply with the applicable regulatory requirements could result in sanctions, penalties, fines and regulatory measures, which could have a material and adverse impact on our reputation, business, financial condition and/or results of operations.

As a company listed on the Shanghai Stock Exchange STAR Market, we, our Directors, senior management, employees and shareholders are subject to securities regulations issued by the CSRC and the listing rules of the Shanghai Stock Exchange STAR Market. New regulations and rules, and changes in the interpretation or enforcement of existing regulations and rules, may be adopted from time to time. We expect to fully comply with such regulations and rules at all times and such compliance would require us to incur increased expenses and devote considerable time and resources to such compliance. In addition, the CSRC and the Shanghai Stock Exchange STAR Market may have periodic or ad hoc inspections, examinations and inquiries with respect to our compliance with relevant regulatory requirements. Failure to comply with the applicable regulatory requirements could also result in sanctions, penalties, fines and/or regulatory measures. Accordingly, our reputation business, financial condition and results of operations would be materially and adversely affected.

Changes in the political and economic policies, as well as the interpretation and enforcement of law, rules and regulations in markets in which we operate may affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are affected by the economic, political, and legal developments in the jurisdictions where we operate. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the interpretation and implementation of the laws and regulations may also evolve from time to time, and we cannot assure you that our business operations will not be affected in the future.

We are exposed to risks associated with our global presence and will continue to be subject to such risks as we continue to expand our business overseas.

We derive a significant portion of our revenue overseas. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial performance.

International expansion is a significant component of our growth which is primarily driven by the expansion of our international customer base. While this strategy does not require significant capital investment in overseas production facilities, it exposes us to risks associated with our global presence. During the Track Record Period, revenue generated outside Chinese Mainland accounted for 46.1%, 54.4%, 53.5% and 45.8% of our total revenue in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. We are subject to PRC law in addition to the laws of the foreign countries and regions in which we or our customers operate. If any of our operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business, financial condition and results of operations.

Our business operations are primarily located in the PRC. In addition, we may face difficulties in managing our foundry partners, third-party providers of packaging and testing services, distributors and other business partners on a global scale. Any negative changes in the global geopolitical environment may materially and adversely affect our ability to secure stable supplies from our foundry partners and, more generally, our ability to conduct our business. These risks include the following: (i) legal, regulatory, political, economic and commercial instability and uncertainty; (ii) changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws; (iii) changes in international trade policies and regulations including those in relation to economic sanctions, export controls and import restrictions, as well in trade barriers such as imposition of tariffs; (iv) difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate; (v) changes in foreign country regulatory requirements, including data privacy laws; (vi) complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws; (vii) difficulty in obtaining or enforcing intellectual property rights; (viii) difficulty in enforcing agreements and collecting overdue receivables through local legal systems; (ix) changes in geopolitical situations especially those in jurisdictions where we do business; (x) strict foreign exchange controls and cash repatriation restrictions; (xi) inflation and/or deflation, and changes in interest rates; (xii) trade customer insolvency and the inability to collect accounts receivable; (xiii) challenges in communicating with clients and suppliers across different languages, regions, and time zones; (xiv) challenges relating to foundries and third-party suppliers for packaging, testing, and other services being unable to provide localized services to meet overseas client demands, thereby reducing our

product competitiveness; (xv) challenges associated with rising international shipping costs and extended transit periods; (xvi) challenges in formulating effective local sales and marketing strategies targeting customers from diverse jurisdictions and cultures; (xvii) geopolitical turmoil and instability in regions where our customers or suppliers operate, and any resulting disruption, instability, or volatility in global markets and industries; and (xviii) claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions as well as investment restrictions, together with any future downturns in the global economy resulting therefrom, could adversely affect our financial performance and the financial performance of our investments. If the aforementioned trade- and investment-related issues continue, particularly due to geopolitical tensions, it could result in significant additional impacts on the industries in which we operate, the jurisdictions of our investments, and potentially lead to other adverse effects on our investments.

We are subject to risks associated with sanctions and export control laws and regulations and tariff risks.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). The EAR regulates U.S. export controls, and the BIS administers the EAR. The U.S. export control regime regulates the export, re-export or in-country transfer or disclosure of U.S. origin products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export, re-export or in-country transfer. In addition to U.S. origin products, a non-U.S.-produced item can be subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process. The BIS maintains lists of individuals and entities subject to enhanced export control restrictions. One of these lists, the Entity List, includes entities subject to specific licensing requirements for the export, re-export, or transfer of certain products and technology subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities to the Entity List for a variety of reasons, including foreign policy, defense policy, and national security. The export, re-export and in-country transfer of items subject to the EAR to an entity on the Entity List is generally prohibited unless a license exception is available or specified license requirements are met. Our customers or suppliers may be added to the Entity List and become subject to restrictions from sourcing or selling technologies, software, or components from or to us. We may not be able to obtain, extend or maintain the requisite licenses in relation to our transactions with these customers and suppliers. The U.S. government also implements economic sanctions, primarily through the U.S. Department of Treasury Office of Foreign Assets Control ("**OFAC**"), and OFAC-administered sanctions have increasingly targeted persons and entities in China. Because we operate under a fabless model in China, it is not commercially feasible for us to avoid all dealings with parties on the Entity List. As sanctions measures and export control rules continue to evolve, future sanctions or export control measures may materially affect our business relationships with certain key customers or suppliers. Engaging with Entity List customers or suppliers may expose us to heightened regulatory and compliance risks under the EAR, particularly in light of the U.S. government's continued focus on enforcement actions involving China's semiconductor industry. These restrictions and regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions, may affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

We require our distributors and direct sales customers to comply with export regulations promulgated by China, the U.S. and any other applicable governments, and the buyers shall not sell our products to the countries or regions that are prohibited or sanctioned by relevant regulations of any country or region. Based on our implementation of the compliance measures to fulfill our export control obligations, our Directors are of the view that (i) our sales to our customers do not violate the EAR; (ii) the EAR and the other related laws and regulations on export controls had no material impact on the Group's business operations and financial performance during the Track Record Period and up to the Latest Practicable Date, and (iii) the Group complied with the EAR in all material respects during the Track Record Period and up to the Latest Practicable Date. However, U.S. export rules and sanctions are complex and subject to significant changes; we cannot assure you that our compliance measures will always be successful in avoiding violations. Also, as the U.S. sanctions laws, export controls, and other regulations and their implementation can change, future developments in sanctions and export controls could 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. Any of these developments could have a material adverse impact on our reputation, business prospects, and financial condition.

As a fabless IC design company, we rely on software and commodities subject to the EAR, including certain electronic design automation ("**EDA**") tools. In 2025, as the United States continued to impose restrictions targeting China's advanced semiconductor industry, several major U.S. EDA suppliers disclosed that they had received notices from BIS in May 2025 requiring them to cease supplying EDA software to China. In July 2025, these suppliers reported that BIS had rescinded those restrictions. However, there is no assurance that similar restrictions will not be reintroduced in the future. Such regulatory volatility may create uncertainty in supply chains, limit access to key design software, and increase production and compliance costs for companies in affected industries. If these trade restrictions or geopolitical tensions escalate, we may face additional risks, including reduced access to essential EDA tools, which could adversely affect our design capabilities and product development.

In addition, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. As of the Latest Practicable Date, our products were subject to Section 301 Tariffs of 50% imposed in 2018 and Section 301 Tariffs of 0% imposed in December 2025 to be raised in June 23, 2027. On July 24, 2026, the Office of the United States Trade Representative ("**USTR**") imposed an additional 12.5% tariff on products of China in connection with its forced labor investigations. However, our products are exempt from such additional 12.5% tariffs.

To our best knowledge and based on the information provided by distributors about the intended locations of their re-sales of our products, the estimated value of our products directly sold to, and resold by distributors to, the United States accounted for less than 1% of the total revenue as well in each year/period during the Track Record Period. Based on the above, our Directors believe that the tariff measures imposed or potentially to be imposed in the future will have limited impacts on our business. Our Directors are of the view that our principal products and business operations are not dependent on exports to, or imports from, the United States. Our procurement and manufacturing activities are primarily conducted outside the United States, and our key inputs are not materially subject to newly imposed U.S. tariffs beyond those already disclosed. However, our products could be incorporated into various types of end-products and be imported into the United States, with tariffs, if any, to be borne by the importing party. Companies who import the products may wish to pass on the additional tariff on our customers selling those end-products, which could ultimately be passed on to us. Even if the tariff is not passed on to us, the reduced competitiveness of our customers' end products could lead to reduction or cancellation of their purchase orders from us.

It may be difficult to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be complex for [**REDACTED**] to effect service of process outside of Chinese Mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible. On January 14, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese Mainland and those in Hong Kong. Therefore, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the 2019 Arrangement are met. However, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations. Conversion between RMB and other currencies may affect our business and operations, our ability to pay dividends and meet our financial obligations, and the value of your investment.

A substantial portion of the Group's revenue and cost are not denominated in Renminbi. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. During the Track Record Period, we recorded a net foreign exchange loss of RMB0.9 million in 2023, a net foreign exchange gain of RMB6.8 million in 2024, a net foreign exchange loss of RMB10.9 million and RMB6.9 million in 2025 and the three months ended March 31, 2026, respectively.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in the global political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar or other currencies in the future. It is difficult to predict how market forces, international relationships or policies may impact the exchange rate between Renminbi and the U.S. dollar or other currencies in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenue, earnings and financial position, and the value of any dividends we may pay. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our

operating expenses, appreciation of Renminbi against the U.S. dollar could have an adverse effect on the Renminbi amount we could receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings.

There are limited hedging options available to reduce our exposure to exchange rate fluctuations. We do not currently maintain any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material and adverse effect on your investment.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) issued by the MOF and the SAT on May 25, 2012, revised on December 9, 2014 and January 20, 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of VAT policies. In addition, according to the PRC Value-Added Tax Law (中華人民共和國增值税法) (the "VAT Law"), which came into effect on January 1, 2026, unless otherwise provided, a taxpayer exporting goods shall be subject to a zero VAT rate. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. During the Track Record Period, the VAT refunds received by our Group amounted to approximately RMB10.7 million, RMB13.9 million, RMB15.9 million and RMB7.2 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to [REDACTED] and gains on [REDACTED] our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20%. For a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in China, or that have establishments or premises in China but their income is not related to such establishments or premises are subject to the EIT at the rate of 10% on dividends received from Chinese companies and gains realized upon disposition of equity interests in Chinese companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or

eliminated under special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise resides. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities' verification. As of the date of this document, there were no specific rules on how to levy tax on gains realized by non-resident enterprise H Share holders through the sale or transfer by other means of the H Shares. If any such tax were to be levied, the [**REDACTED**] of our H Shares may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shanghai Stock Exchange STAR Market 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 applicable regulatory regimes of all two jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

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

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the liquidity and [**REDACTED**] of our H Shares may be materially and adversely affected.

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

The [**REDACTED**] and [**REDACTED**] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and

other securities markets have, from time to time, experienced significant price and [**REDACTED**] volume volatility that are not related to the operating [**REDACTED**] of any particular company. The business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may also affect the [**REDACTED**] and [**REDACTED**] of our H Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

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

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted 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, especially by our Directors, executive officers and our Single Largest Group of Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. 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. Certain amount of the shares of our Company controlled by our Single Largest Group of Shareholders are subject to certain [**REDACTED**] beginning on the date on which [**REDACTED**] in our H Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their shares after the expiry of the [**REDACTED**], we cannot assure you that they will not dispose of any shares of our Company they may own now or in the future. [**REDACTED**] of shares of our Company by such Shareholders and the availability of these Shares for future [**REDACTED**] may have a negative impact on the [**REDACTED**] of our shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**] (except as disclosed in the section headed [**REDACTED**]), they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within a certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any [**REDACTED**] of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

The interests of our Single Largest Group of Shareholders may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, no further Shares are issued under the Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], our Single Largest Group of Shareholders will hold approximately [**REDACTED**] of the issued share capital of our Company (taking into account the shares held by persons acting in concert with him). This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their shares of our Company as part of a

sale of our Company and might reduce the [**REDACTED**] of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders. It is possible that our Single Largest Group of Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese Mainland. See "Financial Information — Dividend Policy" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of Chinese Mainland, 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 Chinese Mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. 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. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of Chinese Mainland.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange STAR Market when [REDACTED] in our H Shares.

As our A Shares are listed on the Shanghai Stock Exchange STAR Market, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange STAR Market or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information included in this

document. By applying to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

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

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecasts and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various official government sources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.

U.S. persons [REDACTED] our H Shares in the [REDACTED] may be required to file notifications with the U.S. Treasury under the U.S. government's new China-focused Outbound Investment Security Program, and we could be negatively impacted by possible changes to this program. These requirements and possible changes to the program may adversely affect the value of our [REDACTED] securities.

On August 9, 2023, the U.S. government issued an executive order and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau (the "**Outbound Investment Security Program**" or the "**OISP**"). On June 21, 2024, Treasury issued a proposed rule for the OISP. On October 28, 2024, Treasury issued a final rule (the "**Final Rule**") setting forth the OISP regulations that implement the executive order of August 9, 2023, which targets transactions by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau, with business in certain technology sectors. The Final Rule took effect on January 2, 2025. The OISP could apply to certain U.S. persons (including their controlled foreign entities, if applicable) outside the United States who may participate in the [**REDACTED**] through offshore transactions in accordance with Regulation S.

The OISP could potentially limit our ability to raise additional capital from U.S. [**REDACTED**] or prevent us from securing sufficient capital when needed and at reasonable cost, negatively affecting our business, financial condition and prospects. As advised by the [**REDACTED**] legal advisor as to the U.S. outbound investment rules, we are likely to be deemed a "Covered Foreign Person" engaged in the design and packaging of semiconductors specified in the OISP. Specifically, we are engaged in the design and packaging of integrated circuits that are covered by the definition of "notifiable transaction" but not covered by the definition of "prohibited transaction" (as defined in the OISP). Certain U.S. person transactions with Covered Foreign Persons that meet the criteria described above are covered by the OISP's U.S. person notification requirements. Even though U.S. persons' purchase of certain publicly traded securities, such as our currently outstanding A Shares that already are traded on the Shanghai Stock Exchange STAR Market and the H Shares to be [**REDACTED**] on the Stock Exchange after the [**REDACTED**] pursuant to the [**REDACTED**], may be neither prohibited transactions nor notifiable transactions under an exception in the Final Rule (the "**Publicly Traded Securities Exception**") so long as the investment does not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person, it appears unlikely that U.S. persons' [**REDACTED**] of our H Shares to be [**REDACTED**] in the [**REDACTED**] would be eligible for the Publicly Traded Securities Exception. If the Publicly Traded Securities Exception is unavailable, U.S. persons (as defined under the Final Rule) that either [**REDACTED**] our H Shares in the [**REDACTED**] or are the parent of a non-U.S. person that [**REDACTED**] our H Shares in the [**REDACTED**] would be required to file a notification regarding such [**REDACTED**] with Treasury no later than 30 days after the relevant [**REDACTED**]. [**REDACTED**] should consult their legal counsel regarding the applicability of the Publicly Traded Securities Exception to the [**REDACTED**], notification obligations, if any, applicable to them under the OISP, and the procedures for filing such notifications. Failing to comply with the OISP notification requirements or failing to provide accurate and complete information in the filing under the OISP may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years. Because the OISP regulates U.S. persons and, in some cases, U.S. persons controlling or directing non-U.S. person-investors, and not the entities they are investing in, none of our Company, the Single Largest Group of Shareholders, the Directors and senior management of our Company will be required to file notifications pursuant to the Final Rule.

The OISP may be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to notifiable or prohibited transactions or the scope and the availability of exceptions to the OISP's prohibitions or notification requirements.

Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum, entitled "America First Trade Policy," which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the OISP to determine if it includes "sufficient controls to address national security threats" and to determine whether the executive order implementing the OISP "should be modified or rescinded and replaced." In addition, on February 21, 2025, the U.S. government issued a national security presidential memorandum entitled "America First Investment Policy" which, among other things, states that the U.S. government will consider possible application of the OISP to a wider range of technology sectors and application of restrictions to a wider range of investments, including publicly traded securities. On April 3, 2025, the White House reported that Treasury and the National Security Council were evaluating options relating to the OISP and that the Trump Administration plans to evaluate whether the scope of outbound investment restrictions should be expanded. Possible changes to the OISP could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. investors in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OISP could prohibit the purchase or trading of our [**REDACTED**] securities by U.S. persons, impose new notification or other regulatory requirements, or make our [**REDACTED**] securities less attractive to such [**REDACTED**]. In such cases, the value of our [**REDACTED**] securities could significantly decline, and our liquidity may be materially and adversely affected.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the Listing Rules and exemption from the CWUMPO.

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules	Appointment of joint company secretaries
Paragraph 10 of Part I of the Third Schedule to the CWUMPO	Disclosure requirements in respect of share incentive plans

[**REDACTED**]

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, and appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. WENG Huaqiang, an executive Director and secretary of the Board, and Ms. HO Sze Wah, Cecilia of Global Entity Compliance at Computershare Hong Kong Investor Services;

(ii) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(iii) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Altus Capital Limited as compliance advisor (the "**Compliance Advisor**"), who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the CWUMPO and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company appointed Mr. WENG Huaqiang, an executive Director and secretary of the Board, and Ms. HO Sze Wah, Cecilia of Global Entity Compliance at Computershare Hong Kong Investor Services Limited, as joint company secretaries of our Company. For further details, please see the section headed "Directors and Senior Management — Joint Company Secretaries" for their biographies.

Ms. Ho is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ho meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. WENG Huaqiang, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Mr. WENG Huaqiang has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [**REDACTED**], in accordance with paragraphs 11 to 16 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Ho is appointed as a joint company secretary to assist Mr. WENG Huaqiang in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Ho, during the three-year period, ceases to provide assistance to Mr. WENG Huaqiang as the joint company secretary; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our joint company secretaries. In addition, Mr. WENG Huaqiang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure Mr. WENG Huaqiang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. WENG Huaqiang and the need for on-going assistance of Ms. Ho will be further evaluated by our Company. We will demonstrate Mr. WENG Huaqiang, having benefited from the assistance of Ms. Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary, so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE INCENTIVE PLANS DISCLOSURE REQUIREMENTS

Rule 17.02(1)(b) of the Listing Rules requires a [**REDACTED**] to, inter alia, disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [**REDACTED**] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards. Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Hong Kong Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the [**REDACTED**] could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted outstanding restricted Shares respectively under the Restricted Share Incentive Plans to 135 grantees (the "**Grantees**"), entitling them to subscribe for 2,381,425 A Shares, representing approximately [**REDACTED**] of the total number of Shares in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no new Shares are issued under the Restricted Share Incentive Plans and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**], respectively). Among the outstanding restricted Shares, one Director and 134 Grantees (who are employees of our Group and are not Directors, members of senior management, consultants or connected persons of our Company) were granted restricted Shares for 29,500 A Shares and 2,351,925 A Shares, respectively. Save for the aforementioned, no restricted Shares were granted to any Director, member of senior management, connected person or consultant of our Company. No restricted Shares under the Restricted Share Incentive Plans will be further granted after the [**REDACTED**] and all restricted Shares have been granted to specific individuals under the Restricted Share Incentive Plans.

Assuming full vesting and exercise of all outstanding restricted Shares under the Restricted Share Incentive Plans, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be diluted by a maximum of approximately [**REDACTED**]. The maximum dilution effect on our earnings per share would be approximately [**REDACTED**]. For further details on the diluted earnings per share, including the relevant assumptions used in that calculation, please refer to Note 14 to the Accountants' Report set out in Appendix I to this document.

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) in connection with the disclosure of certain details relating to the Restricted Share Incentive Plans and the Grantees in this document on the ground that the waiver will not prejudice the interest of the [**REDACTED**] and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 135 Grantees are involved in the grant of outstanding restricted Shares under the Restricted Share Incentive Plans, our Directors consider that it would be unduly burdensome to disclose in this document full details of all the restricted Shares granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements as the Company would need to collect and verify the addresses of a large number of the Grantees to meet the disclosure requirement;

(b) the disclosure of the personal details of each Grantee, including their names, addresses for the Grantees and the number of restricted Shares granted, may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of the Grantees;

(c) the grant and vesting in full of the restricted Shares under the Restricted Share Incentive Plans will not cause any material adverse impact to the financial position of our Group;

(d) there will not be any new H Shares issued under the Restricted Share Incentive Plans as the foregoing plans are A-share incentive schemes;

(e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential [**REDACTED**] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;

(f) full disclosure of details of the Grantees (which include their names and addresses), as well as the restricted Shares granted to each of them, would provide the Group's competitors with the Group's employees' compensation details and facilitate their soliciting activities which may impact the Group's ability to recruit and retain valuable personnel;

(g) material information on the restricted Shares under the Restricted Share Incentive Plans have been disclosed in "Appendix IV — Statutory and General Information — Restricted Share Incentive Plans" to provide prospective [**REDACTED**] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the restricted Shares in making their [**REDACTED**] decision, and such information includes: (1) a summary of the terms of the Restricted Share Incentive Plans; (2) the aggregate number of A Shares subject to the outstanding restricted Shares; (3) and the percentage in our total issued Shares of which such number represents; (4) the details of the outstanding restricted Shares granted under the Restricted Share Incentive Plans by the range of underlying A Shares, including date of grant, vesting period, purchase price and the percentage of our Company's total issued share capital represented upon completion of the [**REDACTED**].

In light of the above, our Directors believe that the grant of the waiver sought under this application and the non-disclosure of the required information will not hinder potential [**REDACTED**] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public [**REDACTED**].

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules with respect to the restricted Shares granted under the Restricted Share Incentive Plans, subject to the conditions that:

(a) on an individual basis, full details of the outstanding restricted Shares granted by the Company under the Restricted Share Incentive Plans to each of the Directors, members of the senior management, consultants and connected persons of the Company, will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans" as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part 1 of the Third Schedule to the CWUMPO;

(b) in respect of the restricted Shares granted by our Company under the Restricted Share Incentive Plans to the remaining Grantees other than those referred to in subparagraph above (the "**Other Grantee(s)**"), the following details will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans", on an aggregate basis, (i) the number of the Other Grantees and the number of A Shares underlying the restricted Shares, (ii) date of grant, the vesting period, and purchase price of the restricted Shares granted, and (iii) the percentage of our Company's total issued share capital represented by such restricted Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no further Shares are issued under the Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]);

(c) the aggregate number of A Shares underlying the outstanding restricted Shares and the percentage of our Company's total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans";

(d) a summary of the principal terms of the Restricted Share Incentive Plans will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans" in this document; and

(e) the particulars of this waiver are set out in this document; and a full list of all the Grantees with outstanding restricted Shares for A Shares under the Restricted Share Incentive Plans, containing all details as required under Rule 17.02(1)(b) the Listing Rules be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection" in Appendix V to this document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Position	Address	Nationality
Mr. CHEN Zuotao (陳作濤先生)	Executive Director, and Chairman of the Board	Room 2202, Unit 2 Building 7, No. 8 Xiaoyun Road Chaoyang District Beijing China	Chinese
Mr. ZHANG Jianchen (張建臣先生)	Executive Director and General Manager	#705, No. 12 Lane 500 Zhongshan Nan 1st Road Huangpu District Shanghai China	Chinese
Mr. WENG Huaqiang (翁華強先生)	Executive Director and Secretary of the Board	Room 202, No. 53 Lane 36 Shangpu Road Pudong New Area Shanghai China	Chinese
Ms. LUO Zhi (羅知女士)	Independent non-executive Director	Room 701, 7th Floor Unit 1, Building 2 No. 360 Wuluo Road Zhongnan Street Wuchang District Wuhan Hubei Province China	Chinese
Ms. CHEN Dong (陳冬女士)	Independent non-executive Director	Room 504, Building 1 Poly Metropolis South Zhuodaoquan Road, Hongshan District, Wuhan Hubei Province China	Chinese
Mr. MAO Zhenhua (毛振華先生)	Independent non-executive Director	Flat A, 7/F, Tower 2 Regent on the Park 9A Kennedy Road Central, Hong Kong	Chinese
Mr. SUN Kai (孫凱先生)	Independent non-executive Director	Room F2301 Lane 168, West Lanxianghu Road Minhang District Shanghai, PRC	Chinese

See "Directors and Senior Management" for further details.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong and U.S. laws
Jones Day
31st Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to International Sanctions laws
DLA Piper Singapore Pte. Ltd.
80 Raffles Place
UOB Plaza 1, #48-01
Singapore

As to PRC laws
Global Law Office
36th Floor
Shanghai One ICC
No. 999 Middle Huai Hai Road
Xuhui District
Shanghai, China

Legal Advisors to the Sole Sponsor and the [REDACTED]

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13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws
King & Wood
18th Floor, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing, PRC

Independent Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *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.** Room 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC

[**REDACTED**]

CORPORATE INFORMATION

Registered Office and Headquarters in Chinese Mainland	Building 10, No. 1761 Zhangdong Road Pilot Free Trade Zone Shanghai, PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Company Website	**www.giantec-semi.com** *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	Mr. WENG Huaqiang (翁華強先生) Building 10, No. 1761 Zhangdong Road Pilot Free Trade Zone Shanghai, PRC Ms. HO Sze Wah, Cecilia (何詩華女士) 46/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
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OVERVIEW OF GLOBAL INTEGRATED CIRCUITS INDUSTRY

Overview of Development of Integrated Circuits Industry

Integrated circuits, as the core components of electronic systems, play a key role in functions such as computing, storage, control, and communication. By product types, integrated circuits are generally classified into memory chips, logic chips, and analog chips, etc. With the rapid development of AI technology, cloud computing, and intelligent terminals, as well as the advancement of automotive electrification and intelligence, the demand for chips has been continuously growing in multiple terminals and application scenarios, serving as a core driving force for the upgrade and innovation of the global electronics industry.

AI and smart technology upgrades fueling integrated circuit industry expansion

The integrated circuit industry is experiencing massive expansion driven by the explosive demand for AI computing power, automotive advancements, and smart consumer electronics. On the computing front, global shipments of AI servers are projected to jump from 3.2 million units in 2026 to 7.8 million units by 2030, while AI PC shipments are expected to surge from 106.6 million to 268.3 million units within the same period. This exponential growth is accelerating the adoption of CXL interconnect technology and new-generation eSSDs, driving high demand for supporting SPD and VPD chips to resolve critical memory bottlenecks in data centers. Simultaneously, the automotive industry's shift toward electrification and connectivity is significantly increasing the per-vehicle semiconductor value, relying heavily on memory chips like EEPROM and NOR Flash for systems such as intelligent cockpits and sensor calibration. Furthermore, the integration of AI into consumer electronics is boosting the need for advanced local memory and high-precision lens driver chips to support complex local data processing and intelligent imaging capabilities.

Market Size Analysis of Integrated Circuits Industry

Integrated circuits are the core carrier and data processing hub supporting strategic emerging industries such as artificial intelligence, cloud computing, and smart vehicles. The global market size of integrated circuit showed a fluctuating upward trend from 2021 to 2025. Despite the impact of cyclical supply and demand adjustments in the industry during this period, the overall market size still grew from US$463.0 billion to US$679.8 billion, with a CAGR of 10.1% from 2021 to 2025. With the deepening of digital transformation, the explosion in demand for high-performance computing, and the continuous iteration of semiconductor technology, the global market size of integrated circuit is projected to reach US$1,363.5 billion by 2030, with an expected CAGR of 12.2% from 2026 to 2030.

Memory chips have become increasingly strategic components within the integrated circuit industry, serving as the foundation for data storage and processing across data centers, automotive, and consumer electronics. As global digitalization expands the scale of data, these chips directly dictate the performance, reliability, and cost of downstream applications. Within this sector, non-volatile memory chips play an indispensable role due to their unique ability to retain data after power loss. Since they are essential for core functions such as system booting, firmware storage, and critical data protection, non-volatile memory chips represent highly valuable segment with significant long-term growth potential as terminal devices continue to increase in complexity.

OVERVIEW OF GLOBAL NON-VOLATILE MEMORY CHIPS INDUSTRY

Definition and Overview

Non-volatile memory chip is a semiconductor memory device that retains stored data even after power outage. It is widely used in scenarios requiring long-term data preservation as the data stored in it will not be lost when the power is off.

By product types, non-volatile memory chips primarily include EEPROM and NOR Flash, among others. EEPROM offers advantages such as power-off data retention, byte-level erasure/programming, low power consumption, high reliability, and long data retention time. EEPROM is mainly used for storing small-scale, frequently modified data in various devices, typically ensuring 1 million erasure/programming cycles and data storage over a 100-year period. NOR Flash, as a code-type flash memory chip, features fast random reading and high reliability. NOR Flash is primarily used for storing code and some medium-to-low capacity data, typically ensuring 100,000 erasure/programming cycles over a 20-year period.

By application scenarios, non-volatile memory chips are mainly used in memory module supporting chips, automotive electronics, consumer electronics, and other segments. Among these use cases, memory module supporting chips are those that provide additional functional support for the memory module. By working in coordination with memory chips, it enhances the performance, stability, and compatibility of memory modules, ensuring the correct storage, reading, and transmission of data.

Among memory module supporting chip applications, the primary products are SPD and VPD. In DDR5 memory modules, in addition to memory chips and interface chips, supporting chips such as SPD, temperature sensor (TS, monitors device temperature) and power management integrated circuit (PMIC, manages power supply and voltage levels) are also required. Among them, the SPD chip contains integrated EEPROM, which is used for storing module information and configuration parameters for various components. With the generational upgrade of DDR and the rapid increase in volume of server memory, demand for SPD chips continues to rise. Furthermore, as cloud computing, AI server, and enterprise storage system capacities accelerate expansion, the demand for VPD chips supporting the new generation of eSSD and CXL modules is in a period of rapid growth. VPD chip is used in storage systems to store product information, configuration parameters, and security authentication data, serving as crucial foundational components for the new generation of eSSD and CXL modules.

Value Chain Analysis of Non-Volatile Memory Chips Industry

The non-volatile memory chip industry chain spans upstream material and equipment supply, midstream design, manufacturing, and packaging & testing of non-volatile memory chips, and downstream applications. Upstream operations rely on essential raw materials like silicon wafers and core fabrication equipment, while the midstream phase focuses heavily on chip design, where the capital-light fabless business model enables companies to concentrate R&D resources on architecture and flexibly utilize professional foundries to rapidly meet market demands. Ultimately, these chips are deployed across downstream sectors such as AI servers, consumer electronics, and automotive electronics, with the automotive segment imposing the strictest design, testing, and

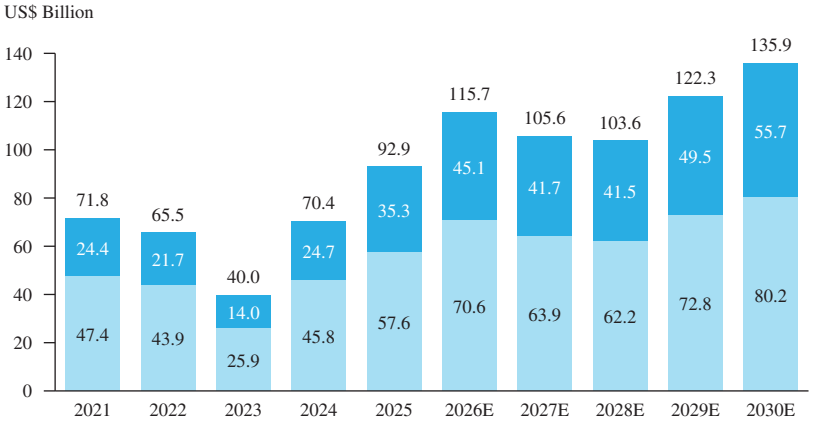
quality control standards to guarantee high stability and reliability under extreme environmental conditions. Specifically, non-volatile memory chip company's inventory turnover days are primarily driven by the cyclical demand fluctuations of the consumer electronics and storage markets, compounded by lengthy wafer fabrication lead times and strategic buffer stockpiling during generational technology transitions. Average industry inventory turnover days range from 150 to 300 days.

Market Size Analysis of Non-Volatile Memory Chips Industry

As core hardware that can permanently retain data in a powered-off environment, non-volatile memory chips have become strategic foundational components and data storage cornerstones for the development of key industries such as AI servers, automotive electronics, and consumer electronics. The global market size of non-volatile memory chip decreased from US$65.5 billion in 2022 to US$40.0 billion in 2023, primarily due to price declines caused by global overcapacity; subsequently, the market size quickly recovered to US$92.9 billion in 2025, with a CAGR of 6.6% from 2021 to 2025. With the explosive growth in downstream markets such as AI servers, AI PCs, automotive electronics, and consumer electronics, the global market size of non-volatile memory chip is projected to reach US$135.9 billion by 2030. Due to its high sensitivity to supply-demand dynamics and clear technological iteration rhythm, non-volatile memory chips exhibit distinct cyclicality, with a cycle typically spanning three to five years. This is mainly attributed to the high concentration on the supply side as the non-volatile memory chips were dominated by a few global large players. Over the long term, the industry is likely to follow a rising trend with cyclical fluctuations.

Global Market Size of Non-Volatile Memory Chip, 2021-2030E

	CAGR 2021-2025	CAGR 2026E-2030E
China	9.6%	5.4%
Others	5.0%	3.3%
Global Market Size of Non-Volatile Memory Chips	**6.6%**	**4.1%**

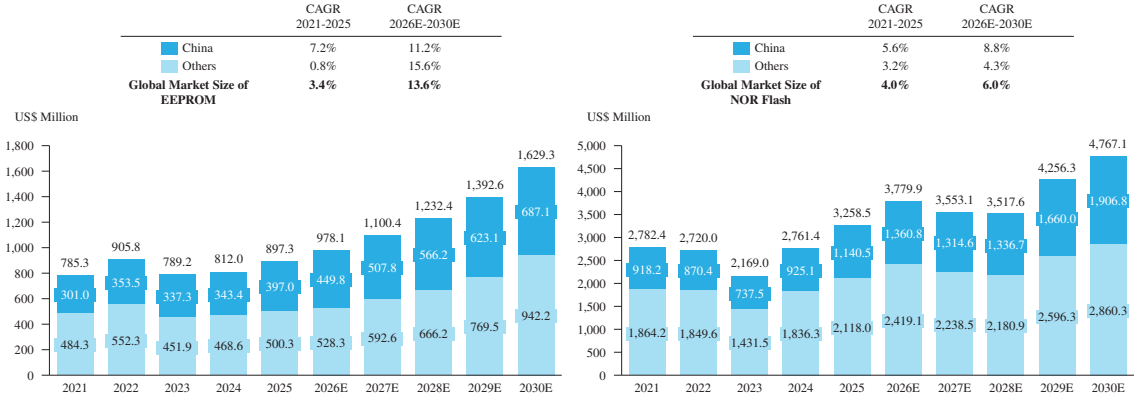


Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Both EEPROM and NOR Flash, as core categories of non-volatile memory chips, play indispensable roles in critical applications such as automotive electronics, artificial intelligence and consumer electronics. The former enables flexible byte-level erasure/programming and high reliability for device parameter storage, while the latter, with its fast read speed and execute-in-place (XIP) capability, carries system boot code. The market size of EEPROM chips grew from US$785.3 million in 2021 to US$897.3 million in 2025, with a CAGR of 3.4%. The market size of NOR Flash chips grew from US$2,782.4 million in 2021 to US$3,258.5 million in 2025, with a CAGR of 4.0%. As the overall market for non-volatile memory chips grows steadily, the market size

of EEPROM and NOR Flash chips are projected to reach US$1,629.3 million and US$4,767.1 million, respectively, by 2030. NOR Flash chips market will experience cyclical fluctuations in the future primarily due to the recurring misalignment between supply capacity, which is increasingly constrained by the semiconductor industry's prioritization of emerging AI components, and the volatile inventory correction cycles typical of the consumer electronics and automotive end-markets.

Global Market Size of EEPROM and NOR Flash, 2021-2030E



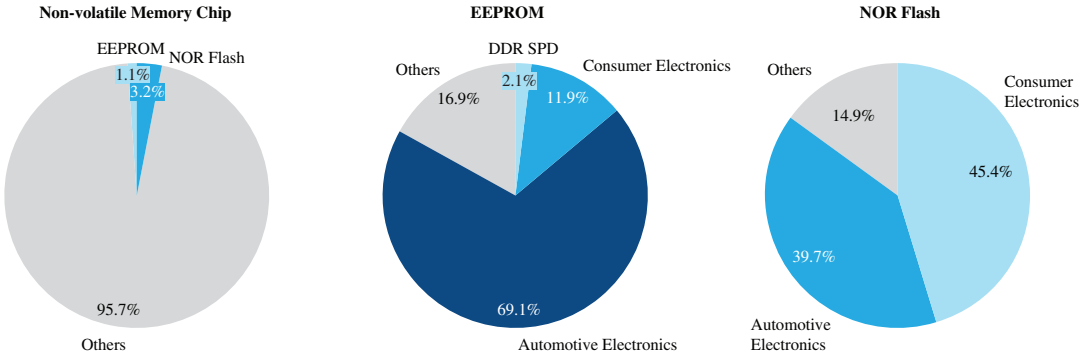
Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Consumer electronics EEPROM and automotive electronics EEPROM, as core non-volatile storage solutions in specific application scenarios, hold important positions in their respective segments. The former is widely used in various consumer terminals due to its flexible parameter configuration capability, while the latter supports the real-time response of automotive intelligent systems with better environmental adaptability and higher product stability. Due to the gradual slowdown in global consumer electronics sales in recent years, the market size of consumer electronics EEPROM has seen a decline. Benefiting from the explosive growth of new energy vehicles, the market size of automotive electronics EEPROM grew rapidly from US$367.4 million in 2021 to US$457.4 million in 2025, with a CAGR of 5.6%. As downstream application demand recovers and upgrades, the market sizes of consumer electronics EEPROM and automotive electronics EEPROM are projected to reach US$135.2 million and US$743.7 million, respectively, by 2030.

DDR5 SPD, as the core configuration chip for the new generation of memory modules, ensures high-speed, stable communication in memory systems with its integrated serial presence detect functionality and high-precision temperature sensor, playing an indispensable role in critical applications such as data centers, high-performance computing, and personal computers. The global market size of DDR5 SPD chip surged from US$1.3 million in 2021 to US$157.1 million in 2025, completing the leap from initial commercialization to large-scale application. As DDR5 memory penetration continues to increase and storage technology iterates, the market size of DDR5 SPD chip is projected to reach US$505.6 million by 2030, with an expected CAGR of 29.0% from 2026 to 2030.

Within China's overall non-volatile memory chip market, EEPROM and NOR Flash accounted for 1.1% and 3.2% of the whole market by revenue in 2025. In terms of specific application fields, market share of automotive electronics and consumer electronics segment in the EEPROM market in China by revenue reached 69.1% and 11.9% in 2025, whereas that of NOR Flash accounted for 45.4% and 39.7%.

Breakdown of the Market Size of Non-volatile Memory Chip, EEPROM and NOR Flash by Revenue in China in 2025



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Market Drivers and Development Trends Analysis of Global Non-Volatile Memory Chips Industry

Development of AI servers, AI PCs, and eSSDs driving demand growth

The rapid development of AI computing power and large model training is driving profound changes in underlying hardware architecture, prompting significant increases in server memory configuration and accelerating demand for DDR5 memory modules and their supporting chips, such as SPD, etc. Furthermore, with the explosive growth in global data processing volumes, the rapid iteration of eSSDs will further unleash the enormous market potential for supporting VPD chips.

- **AI server memory configuration upgrade:** With the sharp increase in parameters of large language models, computing systems face urgent demand for memory bandwidth and capacity. To match computing power, mainstream AI servers typically need to deploy over 20 DDR5 memory modules, a configuration density far exceeding that of traditional general-purpose servers. Meanwhile, global shipments of AI server are projected to surge from 3.2 million units in 2026 to 7.8 million units in 2030, with a CAGR of 25.0% during this period. This architectural shift greatly boosts demand for SPD chips and other supporting chips. DDR5 SPD and related supporting chips need to handle more complex temperature control and configuration tasks. Combined with the substantial increase in usage volume, the value contribution per server is experiencing a multiple-fold increase.

- **High-end PCs and thin & light laptops driving new demand:** The realization of the AI PC concept is reshaping the consumer electronics market. As major processor manufacturers launch processors integrated with NPUs, AI PC penetration is expected to rise rapidly, driving a replacement wave for high-capacity memory. Global AI PC shipments are projected to grow from 106.6 million units in 2026 to 268.3 million units in 2030, with penetration increasing sharply from 42.0% in 2026 to 85.0% in 2030. As an innovative form in the DDR5 era, the LPCAMM/LPCAMM2 memory modules, with its compact size, low-power consumption, and detachable nature, is gradually replacing on-board LPDDR5X memory. Unlike on-board LPDDR5X memory solutions, each LPCAMM/LPCAMM2 module must be equipped with one SPD chip and one PMIC chip, opening up a brand-new pure incremental space for the supporting chips.

- **eSSD demand growth driving VPD chips:** As cloud computing providers, AI server clusters, and enterprise storage systems accelerate capacity expansion, to ensure power supply stability and security for stored data under high loads, the demand for VPD chips

supporting eSSD and CXL modules, as critical protective components, will also maintain a high-speed expansion synchronized with eSSD shipments. Global shipment of AI eSSD is projected to grow exponentially from approximately 130EB in 2026 to 650EB in 2030, with a CAGR of 49.5% during this period.

Rapid development of automotive electronics driving demand for automotive-grade memory chips

The trends of automotive electrification, intelligence, and connectivity, especially the evolution of vehicle electronic and electrical architecture towards domain control and zonal control, have triggered a structural leap in demand for in-vehicle memory chips. This transformation has significantly increased the demand for highly reliable memory in in-vehicle electronic systems, driving the continuous expansion of the market size for automotive-grade EEPROM and NOR Flash. The rapid adoption of new energy vehicles and intelligent cockpits provides a broad market space for the development of automotive-grade memory.

- **New energy vehicle sales growth driving market expansion:** Global new energy vehicle sales are projected to grow from 28.3 million units in 2026 to 44.3 million units in 2030, with a CAGR of 11.9% during this period. As new energy vehicle sales rise rapidly, the deployment of memory chips per vehicle is expanding from a few key nodes to multiple domains and nodes. This directly drives a substantial increase in the loading of memory chips in core units including the new energy three-electric system (motor, battery, and electronic control), chassis & transmission, body control systems, and visual perception.

- **Intelligent cockpit and autonomous driving applications increasing chip demand per vehicle:** The high-performance development of autonomous driving domain controllers and intelligent cockpits continuously increases the demand for highly reliable memory. For example, the number of EEPROM chips required per vehicle has increased from approximately 10-15 in traditional fuel vehicles to approximately 30-40 in new energy vehicles. Furthermore, with the upgrade of ADAS visual perception systems, the number of in-vehicle camera modules continues to grow, further boosting the usage of chips like EEPROM and NOR Flash in the perception layer.

- **High-standard technical threshold:** Automotive electronics impose extremely high requirements on chip reliability and anti-interference capability. Automotive-grade memory chips need to comply with the AEC-Q100 standard (a qualification standard for ICs that tests automotive safety and durability requirements under extreme conditions), meeting requirements for wide temperature range adaptability and extremely low failure rates. As certification cycles last long, this stringent entry mechanism creates deep technical barriers for manufacturers with mature mass-production capabilities and high-quality products, establishing a long-term, stable growth space.

Intelligent terminals upgrade driving expansion of demand for non-volatile memory

As consumer electronic products evolve towards comprehensive intelligence and connectivity, and the deployment of AI large models at the edge reshapes hardware architecture, this trend strongly drives explosive demand for medium and small capacity non-volatile memory chips like EEPROM and NOR Flash. Emerging lightweight intelligent hardware is not only growing exponentially in quantity but also continuously diversifying in functionality, greatly expanding the market boundaries for small-capacity memory in the non-volatile memory chip field.

- **AI intelligent terminals driving demand upgrades:** With the accelerated deployment of new categories such as AI smartphones, AI PCs, and AI glasses, running on-device AI models imposes higher requirements on hardware performance. Among them, global AI smartphone shipments are projected to grow from 550.3 million units in 2026 to 1,184.3 million units in 2030, with a CAGR of 21.1% during this period. To support more

complex system booting code, faster wake-up speeds, and real-time recording of massive sensor data, systems demand higher data throughput, erasure/programming endurance, and ultra-low power consumption performance from memory chips. This has directly driven up the demand of high-stability EEPROM and high-capacity NOR Flash in high-end terminals.

- **Growth in wearables and lightweight devices:** Miniaturized devices like smartwatches, handheld gimbals and various smart home sensors are witnessing a wave of popularity. Among them, global wearables shipments are projected to grow from 582.1 million units in 2026 to 801.8 million units in 2030, with a CAGR of 8.3% during this period. Such devices are tiny in size and highly sensitive to power consumption, thus creating enormous rigid demands for small-capacity memory chips with small packaging, low voltage, and high reliability. In particular, the iteration of segments like smartwatches, handheld gimbals and fitness wristbands has multiplied the storage capacity per device, opening up a vast market space for memory chip manufacturers.

- **Diversification of consumer electronics ecosystem:** Application scenarios for consumer electronics are expanding from single scenarios to a diversified ecosystem. Functions such as secure authentication for mobile payments, data logging for all-weather health monitoring, and local command libraries for AI voice assistants all rely on high-performance storage media. The richness of such ecosystem requires memory chips to possess advanced features like hardware-level encryption, further driving specification upgrades and increased demand for memory chips.

Competitive Landscape of Global Non-Volatile Memory Chips Industry

The global EEPROM market is relatively concentrated. In terms of revenue in 2025, in the global EEPROM market, the Company is the third-largest EEPROM supplier worldwide and the largest China-based EEPROM supplier.

Competitive Landscape of Global EEPROM by Revenue in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	Company A	300.0	33.4%
2	Company B	145.0	16.2%
3	**The Company**	**133.1**	**14.8%**
Top 3		**578.1**	**64.4%**

Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

In the consumer electronics segment, the Company also holds the global leading position in both consumer electronics camera module EEPROM and consumer electronics LCD panel EEPROM markets with shares of 40.4% and 20.0%, respectively. Furthermore, in the global automotive electronics EEPROM segment, the Company ranked as the third-largest automotive electronics EEPROM supplier globally and the largest China-based automotive electronics EEPROM supplier. Through long-term dedication to the consumer electronics and automotive electronics segments, the Company has achieved a leading presence across multiple application sectors.

Global Market Ranking of Consumer Electronics Camera Module EEPROM in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	**The Company**	**28.8**	**40.4%**
2	Company C	18.0	25.2%
3	Company D	6.0	8.4%
Top 3		**52.8**	**74.1%**

Global Market Ranking of Consumer Electronics LCD Panel EEPROM in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	**The Company**	**4.4**	**20.0%**
2	Company A	4.0	18.1%
3	Company C	2.0	9.0%
Top 3		**10.4**	**47.1%**

Global Market Ranking of Automotive Electronics EEPROM in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	Company A	220.0	48.1%
2	Company B	120.0	26.2%
3	**The Company**	**21.3**	**4.7%**
Top 3		**361.3**	**79.0%**

Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Globally, there are currently two suppliers capable of providing SPD chips supporting DDR5 memory modules on a large scale. Among them, as the core market participant, the Company held a market share of over 40% by revenue in 2025. Moreover, in the market of global SPD chips supporting DDR memory modules, the Company also held a market share of approximately 40% by revenue in 2025. With the explosion in demand for DDR5 memory modules from AI servers and the penetration of DDR5 in the PC segment, this market is expected to achieve robust growth.

Global Market Ranking of SPD DDR Chip Markets in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	Company E	94.7	56.9%
2	**The Company**	**66.6**	**40.1%**
Top 2		**161.3**	**97.0%**

Global Market Ranking of SPD DDR5 Chip Market in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	Company E	93.5	59.5%
2	**The Company**	**63.6**	**40.5%**
Top 2		**157.1**	**100.0%**

Notes:

1. SPD chip markets are highly concentrated, with other participants holding minor market share.

2. Company A, founded in 1987 and headquartered in Switzerland, is listed on the New York Stock Exchange, Euronext Paris, and Borsa Italiana. It is primarily engaged in the design, R&D, manufacturing, and sales of semiconductors and related solutions, with products widely used in automotive electronics, industrial control, communications, and IoT, among other fields.

3. Company B, founded in 1989 and headquartered in the United States, is listed on the NASDAQ. It is primarily engaged in the design, R&D, manufacturing, and sales of microcontrollers, analog chips, memory, and related embedded control solutions, with products widely used in automotive electronics, communications, consumer electronics, and IoT, among other fields.

4. Company C, founded in 2016 and headquartered in China, is listed on the Shanghai Stock Exchange. It is primarily engaged in the R&D, design, and sales of non-volatile memory and related embedded storage solutions, focusing on application scenarios such as consumer electronics, industrial control, and IoT.

5. Company D, founded in 1998 and headquartered in China, is listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. It is primarily engaged in the design, development, and sales of integrated circuits, with its products widely used in sectors such as financial security, government public services, Internet of Things, and industrial control.

6. Company E, founded in 2002 and headquartered in Japan, is listed on the Tokyo Stock Exchange. It is primarily engaged in the design and manufacturing of semiconductor solutions, with its products widely used in sectors such as automotive, industrial, infrastructure, and the Internet of Things.

OVERVIEW OF GLOBAL LENS DRIVER CHIPS INDUSTRY

Definition and Overview

Lens driver chips are a class of motor driver integrated circuits that control camera motor movement to enable auto-focus (AF) and optical image stabilization (OIS). They are widely used in consumer electronics, security and surveillance equipment, handheld gimbals, and other imaging-related fields. Lens driver chips can be categorized into open-loop, closed-loop, and OIS lens driver chips. Open-loop lens driver chips control motor movement based on image signal processing without position feedback, suitable for cost-sensitive applications with lower focusing requirements. Closed-loop lens driver chips enable real-time adjustment and are widely used in mid-to-high-end devices. OIS lens driver chips compensate for lens displacement caused by vibration, and are mainly applied in devices requiring high imaging performance.

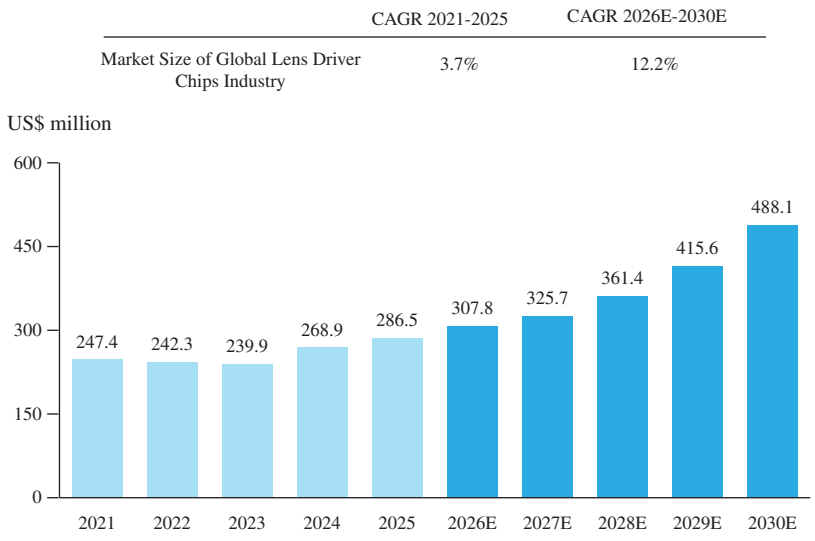
Value Chain Analysis of Lens Driver Chips Industry

The value chain of lens driver chips industry can be divided into three segments: upstream raw materials and manufacturing equipment, midstream chip design and manufacturing, and downstream end-use applications. The upstream segment mainly includes semiconductor materials and manufacturing equipment, providing foundational support for the R&D and production of lens driver chips. The midstream segment, which encompasses the design, manufacturing, and packaging & testing of lens driver chips, is the core value-creating segment of the value chain. It involves key technologies such as precision current driving and motor control algorithms, while requiring strong capabilities in miniaturization, yield control, and mass production. The downstream segment includes smartphones, smart wearable devices, and other imaging equipment manufacturers. As imaging performance requirements continue to rise, downstream customers are placing increasing demands on lens driver chips in terms of precision, response speed, power consumption, size, and reliability.

Market Size Analysis of Global Lens Driver Chips Industry

Benefiting from the continuous improvement in terminal imaging demands and the diversified expansion of application scenarios, the application of lens driver chips in core areas such as smartphone imaging systems and high-end security is deepening. The market size of global lens driver chips industry grew steadily from US$247.4 million in 2021 to US$286.5 million in 2025, with a CAGR of 3.7% from 2021 to 2025. As mobile terminals continue to raise requirements for imaging quality, the market size of global lens driver chips industry is projected to grow to US$488.1 million by 2030, with an expected CAGR of 12.2% from 2026 to 2030.

Market Size of Global Lens Driver Chips Industry, 2021-2030E



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Market Drivers and Development Trends Analysis of Global Lens Driver Chips Industry

Smartphone imaging performance upgrades driving demand for high-precision, high-stability lens driver chips

The continuous evolution of the imaging system of smartphones, which is one of the most significant downstream application scenarios for lens driver chips, is a core factor driving the increasing performance demands for lens driver chips. From 2021 to 2025, the share of global high-end smartphones in total smartphone shipments grew from 23.6% to 28.2%, and is projected to further increase to 30.8% by 2030, providing market space for the large-scale application of closed-loop and OIS lens driver chips.

Emerging applications driving industry growth

The application scenarios for lens driver chips are expanding into diversified new devices such as action cameras, smartwatches, XR devices, AI glasses, and in-vehicle cameras, driving industry growth. As AI glasses and XR devices gradually enter the stage of large-scale production, the shipments are projected to reach 81.7 million units by 2030, with a CAGR of approximately 25.9% from 2026 to 2030, providing new medium-to-long-term incremental demand for lens driver chips. Simultaneously, constrained by battery capacity, device size, and heat dissipation conditions, smartwatches impose more stringent requirements on the ultra-low power consumption operation capability and high integration of lens driver chips, pushing products towards lower power consumption and miniaturization. In addition, as security & surveillance systems evolve towards higher resolution and more demanding shooting conditions, increasing requirements for imaging stability in low-light and vibration scenarios are driving the adoption of OIS solutions.

Product integration and diversification of driving technology requirements

Lens driver chips are increasingly evolving towards higher integration and diversified driving technologies. Initially, chips are integrating multiple functions such as AF and OIS control, improving system coordination, reducing signal delay, and enhancing overall imaging performance.

Meanwhile, the integration of functional-level modules has been further deepened. Integrated solutions combine EEPROM and lens driving functions into a single chip, further increasing technical complexity and value-added of lens driver chips.

Competitive Landscape of Global Lens Driver Chip Industry

In 2025, the competitive landscape of the global lens driver chip market was relatively concentrated. In the open-loop lens driver chip market, the top three companies accounted for 42.3% of the market share by revenue. Among them, the Company ranked first in the industry with a 18.2% market share.

Competitive Landscape of Global Open-Loop Lens Driver Chips Market by Revenue in 2025

Ranking	Company Name	Revenue (US$ Million)	Market Share
1	**The Company**	**12.8**	**18.2%**
2	Company F	12.0	17.0%
3	Company C	5.0	7.1%
Top 3		**29.8**	**42.3%**

Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Notes:

1. Company F, founded in 2006 and headquartered in Seoul, Korea, is listed on the KOSDAQ. It primarily focuses on the analog semiconductor field, engaged in the R&D and manufacture of products such as auto-focus driver chips, optical image stabilization driver chips, and haptic feedback chips.

ANALYSIS OF ENTRY BARRIERS

The integrated circuit industry exhibits high entry barriers across multiple dimensions. Technologically, it requires long-term accumulation in chip design, algorithm optimization, and system-level validation to meet stringent performance and reliability standards. In terms of industrial chain collaboration, leading players benefit from stable upstream capacity support and deep co-development relationships with downstream customers. Meanwhile, high customer validation thresholds and strong switching costs create significant customer stickiness. In addition, the industry relies on scarce interdisciplinary talent and sustained capital investment, making it difficult for new entrants to establish competitive capabilities within a short timeframe.

ANALYSIS OF RAW MATERIALS

In 2021, the average selling price (ASP) of 8-inch silicon wafers stood at RMB2,903.2 per wafer. In 2022, fueled by industry-wide capacity tightness and robust downstream demand, the price surged to a cyclical peak of RMB4,035.7 per wafer. From 2023 to 2024, amid the semiconductor industry's inventory destocking cycle and a phased moderation in consumer market demand, prices trended downward consecutively, dropping to RMB3,418.4 per wafer in 2024. In 2025, prices bottomed out and rebounded, with the ASP edging up slightly to RMB3,488.5 per wafer. Since 2026, underpinned by the normalization of supply chain inventory levels and robust incremental demand from emerging sectors such as AI and automotive-grade chips, prices have maintained a steady upward trajectory. Alumina ceramic substrates are one of the major raw materials used in packaging materials, particularly in power semiconductor packaging and electronic insulation

applications. Its pricing varies significantly depending on factors such as alumina purity, thermal conductivity, and dimensional precision. From 2021 to 2025, the price of alumina ceramic substrates increased steadily from approximately RMB6.7 thousand per unit to around RMB7.0 thousand per unit, primarily driven by rising raw material costs and growing demand from AI-related electronics.

Leading companies have effectively mitigated the impact of raw material price volatility on costs by establishing long-term strategic partnerships with leading foundries, optimizing multi-source supply chain management, and continuously iterating process nodes to shrink die sizes, thereby providing a more controllable and stable cost environment for business operations.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global integrated circuit industry, the global non-volatile memory chip industry, and the global lens driver chip industry, and to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in New York in 1961, providing industry research and market strategies. We have entered into an agreement to pay Frost & Sullivan RMB700,000 for the preparation of the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research, including discussions with several leading industry participants regarding industry conditions and interviews with relevant individuals. Frost & Sullivan also conducted secondary research, including reviewing company reports, independent research reports, and data from its own research database. Frost & Sullivan derived the estimated statistics of total market size based on historical data analysis incorporating macroeconomic data, taking into account the aforementioned main industry drivers. Its market engineering forecast methodology combines multiple forecasting techniques with a system based on market engineering measurements and relies on the expertise of the analyst team to integrate the key market elements investigated during the project research phase. Such elements primarily include expert opinion forecasting methods, integration of market drivers and constraints, integration of market challenges, integration of market engineering measurement trends, and integration of econometric variables.

The Frost & Sullivan Report was prepared based on the following assumptions: (i) the social, economic, and political environments globally and in Chinese mainland are likely to remain stable during the forecast period; and (ii) the key relevant industry drivers may drive the market during the forecast period.

This section and other chapters of the document excerpt portions of information from the Frost & Sullivan Report, aiming to provide potential [**REDACTED**] with a more comprehensive introduction to the industry in which we operate. The Directors confirm that, to the best of their knowledge and after making reasonable enquiries, there have been no material adverse changes in overall market information since the date of the release of the Frost & Sullivan Report, which are sufficient to make material corrections, contradict or have an impact on such information.

This section sets out summaries of certain aspects of the People's Republic of China (the "PRC") laws and regulations, which are relevant to our business operations.

REGULATIONS ON THE INTEGRATED CIRCUIT INDUSTRIES

From 2009 to 2021, the State Council issued a series of regulations that aimed at promoting the development of the integrated circuit industry, which include the Plan for the Adjustment and Revitalization of the Electronic Information Industry (電子信息產業調整和振興規劃), the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (國務院關於加快培育和發展戰略性新興產業的決定), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知), the Outline for Advancing the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), Made in China (2025) (中國製造(2025)), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (新時期促進集成電路產業和軟件產業高質量發展的若干政策).

On November 19, 2017, the State Council issued the Guiding Opinions of the State Council on Deepening the Development of Industrial Internet through "Internet Plus Advanced Manufacturing" (國務院關於深化"互聯網+先進製造業"發展工業互聯網的指導意見). The document encourages domestic and foreign enterprises to collaborate on technological breakthroughs and product R&D in weak links such as big data analytics, industrial data modeling, critical software systems, and integrated circuits. It also calls for the implementation of relevant tax incentive policies, including corporate income tax benefits for the software and integrated circuit industries, to encourage enterprises to accelerate the development and application of industrial internet.

On December 29, 2023, the Ministry of Industry and Information Technology (the "MIIT") issued the Guidelines for Establishing the National Automotive Chip Standards System (國家汽車芯片標準體系建設指南). The document proposes to guide and promote the development of automotive chip technologies and product applications in China through the establishment of a comprehensive automotive chip standards system. It aims to foster an environment for independent innovation in China's automotive chip technologies, enhance overall technical capabilities and international competitiveness, and build a secure, open, and sustainable automotive chip industry ecosystem.

According to the Catalogue for Guiding Industry Restructuring (2024 Edition) (產業結構調整指導目錄(2024年)) promulgated by the National Development and Reform Commission (the "NDRC") on December 27, 2023, and effective from February 1, 2024, the manufacturing of integrated circuits and new-type electronic components falls under Category I "Encouraged" in Section 28 "Information Industry." The Company's principal business is integrated circuit design, which belongs to Category I encouraged projects under the Catalogue.

On October 23, 2025, the 20th Central Committee of the Communist Party of China reviewed and adopted the Proposal of the CPC Central Committee on Formulating the 15th Five-Year Plan for National Economic and Social Development (中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議). The document explicitly states that the state will refine the new nationwide system for mobilizing resources to accomplish major tasks, adopt unconventional measures, and promote coordinated efforts across the entire industrial chain, with the aim of achieving decisive breakthroughs in tackling key core technologies in priority areas including integrated circuits, industrial mother machines, high-end instruments, basic software, advanced materials, and bio-manufacturing.

REGULATIONS ON CORPORATION

Companies established, operated and managed within the PRC are bound by the "Company Law of the PRC (中華人民共和國公司法)" issued by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, last amended on December 29, 2023, and implemented since July 1, 2024. Under the PRC Company Law currently in force, companies are divided into limited liability companies and joint stock limited companies. The PRC Company Law shall also apply to foreign-invested companies, except where otherwise provided for in foreign investment laws, in which case such provisions shall prevail.

A joint stock limited company (the "joint stock company") is an enterprise legal person incorporated in the PRC in accordance with the PRC Company Law, which has independent legal person property and enjoys rights in relation to such property in its own name. The share capital of a joint stock company may be divided into shares of equal nominal value or shares without nominal value in accordance with the PRC Company Law. A joint stock company is liable for its debts with all of its assets, and the shareholders of a joint stock company shall be liable to the company to the extent of the shares they have subscribed for or held. The shareholders of a joint stock company are entitled, in accordance with applicable PRC laws, regulations and the articles of association, to rights including but not limited to the right to receive returns from the company's assets, the right to participate in major decision-making and the right to elect and be elected as directors and other senior management members.

REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018, producers and sellers shall establish and improve internal product quality control systems, strictly comply with work responsibility systems related to quality standards and quality liability, and implement corresponding inspection measures. Any producer or seller violating this Law may face administrative penalties including ordering cessation of production or sale, ordering rectification of illegal acts, confiscation of illegally produced or sold products, imposition of fines, confiscation of illegal gains, or revocation of business licenses. If the illegal act constitutes a crime, criminal liability shall also be assumed.

REGULATIONS ON CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法), which came into effect on June 1, 2017. The most recent amendment was made on October 28, 2025, and such amendment took effect on January 1, 2026. The Law applies to network construction, operation, maintenance and use within the territory of China, as well as the supervision and administration of cybersecurity. Network operators engaging in business and service activities must comply with laws and administrative regulations, respect social ethics, observe business ethics, act in good faith, fulfill cybersecurity protection obligations, accept supervision by the government and society, and assume social responsibilities.

According to the Cybersecurity Review Measures (網絡安全審查辦法) promulgated on December 28, 2021 (which took effect on February 15, 2022), network platform operators possessing personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when seeking to list abroad. Operators of critical information infrastructure purchasing network products and services shall assess the potential national security risks that may arise after such products and services are put into use. Where national security is affected or may be affected, they shall apply to the Cybersecurity Review Office for cybersecurity review. Where members of the cybersecurity review working mechanism consider that network products, services, and data processing activities affect or may affect national security, the Cybersecurity Review Office shall conduct review in accordance with prescribed procedures upon approval.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法), which took effect on September 1, 2021. The Law stipulates that the state shall establish a data classification and grading protection system and an important data catalogue to strengthen the protection of important data. Processors of important data shall designate data security responsible persons and management institutions, and implement data security protection responsibilities. Relevant competent authorities shall formulate measures for the security administration of important data export. Any company violating the provisions of this Law by providing important data overseas may be subject to administrative penalties, including warnings, fines, suspension for rectification, or revocation of business licenses.

On July 7, 2022, the Cyberspace Administration of China issued the Measures for the Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法), which took effect on September 1, 2022. The Measures stipulate that the security assessment of cross-border data transfer shall adhere to the combination of ex-ante evaluation and continuous supervision, as well as the combination of self-assessment of risks and security assessment, so as to prevent security risks associated with cross-border data transfer and ensure that data flows abroad in a lawful, orderly and free manner. Where a data processor handles or transmits overseas personal information exceeding the specific quantitative thresholds prescribed by the Measures, it shall apply to the Cyberspace Administration of China for security assessment of cross-border data transfer before transmitting any personal information abroad.

The Regulations on Network Data Security Administration (網絡數據安全管理條例) promulgated by the State Council on September 24, 2024 and effective from January 1, 2025 stipulate that where network data processors carry out network data processing activities that affect or may affect national security, they shall conduct national security review in accordance with relevant state regulations. Where network data processing activities conducted outside the territory of the PRC impair the national security, public interests, or the lawful rights and interests of citizens or organizations of the PRC, legal liability shall be pursued in accordance with the law. According to these Regulations, network data processors providing personal information overseas shall comply with specific conditions.

According to the Civil Code of the PRC (中華人民共和國民法典) promulgated by the National People's Congress (the "NPC") on May 28, 2020 and effective from January 1, 2021, the personal information of natural persons shall be protected by law. Information processors shall not disclose or tamper with the personal information they have collected or stored; without the consent of the natural person, they shall not unlawfully provide such personal information to others.

The Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) was promulgated by the SCNPC on August 20, 2021 and took effect on November 1, 2021. The Law stipulates that the personal information of natural persons shall be protected by law, and no organization or individual may infringe upon the personal information rights and interests of natural persons. At the same time, the Law clarifies the definitions and scope of personal information and personal information processing, and sets forth the rights of individuals in personal information processing activities and the obligations of personal information processors.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (adopted by the SCNPC on March 12, 1984, revised on October 17, 2020, and effective as of June 1, 2021), the Rules for the Implementation of the Patent Law of the PRC (中華人民共和國專利法實施細則) (promulgated by the State Council on June 15, 2001, revised on December 11, 2023, and effective as of January 20, 2024), and the Announcement of the State Intellectual Property Office on the Interim Measures for Handling Relevant Examination Business Concerning the Implementation of the Revised Patent Law and Its Implementing Rules (國家知識產權局關於施行修改後的專利法及其實施細則相關審查

業務處理過渡辦法的公告) (promulgated by the State Intellectual Property Office on December 21, 2023, and effective as of January 20, 2024), the term of an invention patent is 20 years. The term of a utility model patent and a design patent with a filing date on or before May 31, 2021 is 10 years, while the term of a design patent with a filing date on or after June 1, 2021 is 15 years. All terms shall commence from the filing date.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) which were issued on August 3, 2002 and last amended on April 29, 2014, the Trademark Office under the China National Intellectual Property Administration of the PRC, (the "Trademark Office"), shall handle trademark registrations and grant a term of 10 years to registered trademarks, which may be renewed for an additional ten-year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark, for the registration of which an application is made, does not conform to the relevant provisions of this Law or is identical with or similar to a trademark for the same kind of goods or similar goods that is already registered by another person or is preliminarily approved, the trademark office shall reject the application with no announcement. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party' s use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Integrated circuit layout-design

Pursuant to the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例) (the "Protection Regulations"), which were promulgated by the State Council on April 2, 2001 and came into force on October 1, 2001, and the Implementing Rules of the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路布圖設計保護條例實施細則) promulgated by the National Intellectual Property Administration on September 18, 2001 and effective from October 1, 2001, layout designs created by natural persons, legal persons or other organizations of the PRC shall enjoy the exclusive rights to such layout designs in accordance with the said Protection Regulations.

The exclusive rights to layout designs shall be established upon registration with the intellectual property administrative department of the State Council. Layout designs that have not been registered shall not be protected by the Protection Regulations. The term of protection for the exclusive rights to layout designs shall be 10 years, calculated from the date of filing the application for registration of the layout design or the date of the first commercial exploitation of the layout design anywhere in the world, whichever is earlier. However, regardless of whether the layout design has been registered or commercially exploited, it shall no longer be protected by the Protection Regulations upon the expiration of 15 years from the date of completion of its creation.

Copyright and Software Registration

Pursuant to the Regulation on Computer Software Protection (計算機軟件保護條例) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection

Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority of domain names. The registration of domain names in China is on a "first-apply-first-registration" basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

REGULATIONS ON TRADE SECRETS

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 2 1993, amended on November 4, 2017, April 23, 2019 and June 27, 2025 respectively, with the latest revised version having come into effect on October 15, 2025, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

REGULATIONS ON REAL ESTATES

According to the Land Administration Law of the PRC (中華人民共和國土地管理法), which was promulgated by the SCNPC on June 25, 1986 and last amended on August 26, 2019, and became effective on January 1, 2020, land owned by the State may, in accordance with the provisions of laws and administrative regulations, be allocated for use by entities or individuals. According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例), which were promulgated by the State Council on November 24, 2014, last amended on March 10, 2024 and became effective on May 1, 2024, registration of real estate shall be administered by the real estate registration authorities of the people's governments at or above the county level at the place where the relevant real estate is located.

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties

shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) (adopted by the SCNPC on July 5, 1994, revised on December 29, 2018, and effective as of December 29, 2018), the Employment Contract Law of the PRC (中華人民共和國勞動合同法) (adopted by the SCNPC on June 29, 2007, revised on December 28, 2012, and effective as of July 1, 2013), and the Implementation Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) (promulgated and implemented by the State Council on September 18, 2008), employers shall conclude a written employment contract when establishing an employment relationship with employees. The wages paid shall not be lower than the local minimum wage standard. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that employees enjoy labor rights and perform labor obligations.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) (adopted by the SCNPC on October 28, 2010, revised on December 29, 2018, and effective as of December 29, 2018), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) (promulgated by the State Council on January 22, 1999, revised on March 24, 2019, and effective as of March 24, 2019), the Regulation on the Administration of Housing Provident Fund (住房公積金管理條例) (promulgated by the State Council on April 3, 1999, revised on March 24, 2019, and effective as of March 24, 2019), and the Regulation on Work-related Injury Insurance (工傷保險條例) (promulgated by the State Council on April 27, 2003, revised on December 20, 2010, and effective as of January 1, 2011), employers shall open social insurance accounts and housing provident fund accounts within 30 days from the date of employment. They shall also pay social insurance funds including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance, as well as housing provident fund for their employees. Employers that fail to pay such funds shall be fined and ordered to make up the payment within a specified time limit. According to the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) promulgated by the Supreme People's Court on July 31, 2025 and effective from September 1, 2025, where an employer and a worker agree not to pay social insurance or a worker promises to waive payment of social insurance, the people's court shall determine such agreement or promise to be invalid.

According to the Law on the Prevention and Control of Occupational Diseases of the PRC (中華人民共和國職業病防治法) (adopted by the SCNPC on October 27, 2001, most recently amended on December 29, 2018, and effective from the same date), employers shall create working environments and conditions for workers that comply with national occupational health standards and hygiene requirements, and take measures to ensure that workers receive occupational health protection.

REGULATIONS ON IMPORT AND EXPORT

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) (enacted by the SCNPC on May 12, 1994, most recently revised on December 27, 2025, and effective from March 1, 2026), and the Regulations on the Administration of Import and Export of Goods of the PRC (中華人民共和國貨物進出口管理條例) promulgated by the State Council on December 10, 2001, and most recently revised on March 10, 2024, the state permits the free import and export of goods and technologies, except as otherwise provided by laws and administrative regulations.

According to the Export Control Law of the PRC (中華人民共和國出口管制法) promulgated by the SCNPC on October 17, 2020, the state implements a unified export control system through the formulation of control lists, catalogues or directories, and the implementation of export licensing. The state implements a licensing system for the export of controlled items. Export operators engaging in the export of controlled items shall comply with this Law and relevant laws and administrative regulations; where obtaining relevant qualifications for the export of controlled items is required by law, they shall obtain the corresponding qualifications.

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) (promulgated by the SCNPC on January 22, 1987, revised and effective on April 29, 2021), the General Administration of Customs of the People's Republic of China is the state organ responsible for the supervision and administration of the entry and exit of goods and personnel. The Customs shall exercise its jurisdiction in all respects in accordance with relevant laws and administrative regulations. Consignors and consignees of import and export goods, as well as customs declaration enterprises, shall complete customs declaration formalities and conduct filing with the Customs in accordance with the law. According to the Customs Tariff Law of the PRC (中華人民共和國關稅法) promulgated by the SCNPC on April 26, 2024 and effective from December 1, 2024, the consignor of exported goods is the withholding agent for customs duties. Export tariff rates are set for exported goods. Provisional rates may be applied to exported goods for a specified period. According to the Measures for the Administration of Taxation on Import and Export Goods by Customs of the PRC (中華人民共和國海關進出口貨物徵稅管理辦法) promulgated by the General Administration of Customs on October 28, 2024 and effective from December 1, 2024, the tariff rates applicable to import and export goods shall be determined in accordance with the provisions of the Customs Tariff Law regarding most-favored-nation rates, agreement rates, preferential rates, ordinary rates, export rates, tariff quota rates, or provisional rates. According to the Provisions on the Administration of the Registration of Customs Declaration Entities of the PRC (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs of China on November 19, 2021 and effective from January 1, 2022, consignees and consignors of import and export goods and customs declaration enterprises applying for customs registration shall obtain the status of market entities; among them, consignees and consignors of import and export goods applying for registration shall also obtain registration as foreign trade operators.

REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments for current account transactions may be made with foreign exchange owned by the payer, or with the foreign exchange purchased from financial institutions duly authorized for foreign exchange sale and purchase operations with the presence of such valid documents as specified by the foreign exchange administration department of the State Council. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council. According to the Administrative Provisions on the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the People's Bank of China on June 20, 1996 and effective from July 1, 1996, domestic institutions, resident individuals, institutions stationed in China and personnel coming to China shall handle the settlement of foreign exchange, purchase of foreign exchange, opening of foreign exchange accounts and external payments in accordance with these Provisions.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (關於境外上市外匯管理有關問題的通知) issued by SAFE on December 26, 2014, the domestic companies shall complete the overseas listing foreign exchange registration with the branch of the SAFE at its place of registration within 15 working days from

the date of completion of its overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

REGULATIONS ON TAXATION

Enterprise Income Tax ("EIT")

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (adopted by the NPC on March 16, 2007, revised on December 29, 2018, and effective as of December 29, 2018; the "Enterprise Income Tax Law"), the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) (promulgated by the State Council on December 6, 2007, revised and promulgated on December 6, 2024, and effective as of January 20, 2025; the "Regulations on the Implementation of the Enterprise Income Tax Law"), and the Administrative Measures for the Recognition of High and New Technology Enterprises (高新技術企業認定管理辦法) (promulgated by the Ministry of Science and Technology, the MOF and the SAT on January 29, 2016, and implemented on January 1, 2016), a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the state. High and new technology enterprises ("HNTEs") which are supported by the state may enjoy a reduced EIT rate of 15%.

On May 17, 2019, the Ministry of Finance (the "MOF") and the State Taxation Administration (the "SAT") jointly promulgated the Announcement on Enterprise Income Tax Policies for Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得税政策的公告). Pursuant to the provision, integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

In December 2020, the MOF, the SAT, the NDRC, and the MIIT jointly issued the Announcement on Corporate Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得税政策的公告). Pursuant to the aforesaid regulation, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from corporate income tax for the first to fifth years starting from the profit-making year, and shall pay corporate income tax at a reduced rate of 10% for the subsequent years.

On May 21, 2022, the SAT issued the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises (軟件企業和集成電路企業税費優惠政策指引). For the purpose of facilitating timely knowledge of applicable tax policies, the foregoing guidelines have clearly demonstrated preference contents, conditions and policy basis for integrated circuit enterprises. For example, integrated circuit design, equipment, material, packaging, and testing enterprises encouraged by the state may enjoy periodic reductions and exemptions of corporate income tax; and key integrated circuit design enterprises encouraged by the state may also enjoy periodic reductions and exemptions of corporate income tax.

Value-Added Tax ("VAT")

Pursuant to the Value-Added Tax Law of the PRC (中華人民共和國增值税法), promulgated by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC (中華人民共和國增值税法實施條例), promulgated by the State Council on December 25, 2025 and came into effect on January 1, 2026 (collectively, the "**VAT Law**"), entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets, or real estate within the territory of the PRC, or in the importation of goods, shall be considered VAT taxpayers and shall pay the value-added tax. The VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

On January 30, 2026, the MOF and the SAT jointly promulgated the Announcement of the MOF and the SAT on Value-added Tax and Consumption Tax Policies for Export Business (財政部、税務總局關於出口業務增值税和消費税政策的公告) (the "Export Business Announcement"), which took effect retroactively from January 1, 2026. According to the Export Business Announcement, except for the value-added tax export rebate rates specifically determined by the MOF and the SAT pursuant to State Council decisions, the rebate rate for export business shall be the applicable tax rate. Where taxpayers engage in export business, value-added tax for the export link shall be exempted, and the corresponding input tax shall be credited against the value-added tax payable, with any uncredited portion refunded.

Pursuant to the Notice of the MOF and the SAT on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (財政部、税務總局關於集成電路企業增值税加計抵減政策的通知), which was promulgated on April 20, 2023, from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), which was promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, defines "foreign investment" as investment activities conducted within China, either directly or indirectly, by foreign individuals, enterprises or other organizations (collectively, "Foreign Investors"). The FIL further adopts the management system of negative list for foreign investment. The "negative list" referred to in the preceding paragraph means the special administrative measures for the access of foreign investment in specific sectors as stipulated by the State. The State accords national treatment to foreign investments outside the negative list. The negative list shall be issued by, or with the approval of, the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Implementation Rules") which came into effect in January 2020. The Implementation Rules further clarified that the state shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment and advance a higher-level opening.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated by the NDRC and the Ministry of Commerce on December 19, 2020 and effective from January 18, 2021, security review shall be conducted on foreign investment that affects or may affect national security in accordance with the provisions of these Measures.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)), and the Catalogue of Industries for Encouraging

Foreign Investment (2025 Version) (鼓勵外商投資產業目錄(2025年版)) (the "Encouraging List") was promulgated on December 15, 2025 and took effect on February 1, 2026. The Negative List sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List sets out the encouraged industries for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative List and is not subject to special administrative measures.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (企業境外投資管理辦法) (promulgated by the NDRC on December 26, 2017 and effective as of March 1, 2018), domestic enterprises of the PRC engaging in overseas investment shall complete formalities such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval-based administration covers sensitive projects carried out by investment entities directly or through overseas enterprises controlled by them; the scope of filing-based administration covers non-sensitive projects directly carried out by investment entities, i.e., non-sensitive projects involving the direct input of assets, equities, or the provision of financing or guarantees by investment entities.

Pursuant to the Measures for the Administration of Overseas Investment (境外投資管理辦法) (promulgated by the Ministry of Commerce on March 16, 2009, revised on September 6, 2014, and effective as of October 6, 2014), the Ministry of Commerce and provincial competent commercial departments shall implement filing and approval administration respectively based on different circumstances of enterprises' overseas investment. Where an enterprise's overseas investment involves any sensitive country or region, or any sensitive industry, approval-based administration shall apply. For all other circumstances of overseas investment, filing-based administration shall apply. According to the Provisions on the Administration of Foreign Exchange for Overseas Direct Investment by Domestic Institutions (境內機構境外直接投資外匯管理規定) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009, and the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving 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 SAFE on February 13, 2015, abolishing the approval requirement for foreign exchange registration of direct investment. Banks shall directly examine and process foreign exchange registration for overseas direct investment. The SAFE and its branches shall exercise indirect supervision over foreign exchange registration for overseas direct investment through banks.

REGULATIONS RELATING TO OVERSEAS SECURITIES [REDACTED]

Securities Law

According to the Securities Law of the PRC (中華人民共和國證券法) (the "PRC Securities Law"), which was promulgated by the SCNPC on December 29, 1998, and was last amended on December 28, 2019 and came into effect on March 1, 2020, securities activities in the PRC, including the issuance and trading of securities, takeovers of listed companies, the activities of stock exchanges and securities companies, as well as the functions and responsibilities of securities regulatory authorities, are comprehensively regulated. The PRC Securities Law further provides that domestic enterprises which offer or list their securities overseas, whether directly or indirectly, shall comply with the relevant provisions of the State Council, and that detailed measures in respect of the subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the CSRC is the securities regulatory authority established by the State Council to supervise and administer the securities market in accordance with the law, maintain market order and ensure the lawful operation of the securities market.

Overseas Securities [REDACTED]

The CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The CSRC promulgated the Notice on the Filing Administration Arrangements for Overseas Issuance and Listing of Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知) on February 17, 2023, which came into force on February 17, 2023.

The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed.

Pursuant to the Opinions on Severely Crackdown on Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (promulgated and effective as of July 6, 2021) jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council on July 6, 2021, it is emphasized that cross-border regulatory cooperation shall be strengthened, relevant laws and regulations on data security, cross-border data flow, and classified information management shall be improved, the provisions on strengthening the confidentiality and archives management related to overseas securities issuance and listing shall be revised promptly, the primary responsibility of overseas listed companies for information security shall be consolidated, and the standardized management of mechanisms and processes for cross-border information provision shall be enhanced.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration 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 "Provision on Confidentiality"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state.

The Notice of the People's Bank of China and the State Administration of Foreign Exchange on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知) was promulgated on December 24, 2025, and will take effect on April 1, 2026. According to this Notice, funds raised by domestic enterprises from overseas listings shall, in principle, be promptly remitted back to the territory of China. Where such funds are retained overseas for conducting overseas direct investment, overseas securities investment, overseas lending, or other businesses, approval or filing documents from the competent business department shall be obtained prior to the completion of the [**REDACTED**] or the completion of the [**REDACTED**], and the relevant cross-border fund administration regulations shall be complied with.

REGULATIONS ON U.S. EXPORT CONTROL AND OUTBOUND INVESTMENTS

U.S. Export Control Regulations

The Export Administration Regulations (the "**EAR**"), administered by the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**"), govern the export and re-export of items "subject to the EAR." An item is subject to the EAR if it falls into any of the following four categories: (1) it is exported from the United States; (2) it is produced or manufactured in the United States; (3) it is the foreign direct product of certain U.S.-origin technology or software (known as the Foreign Direct Product Rule or "FDPR") or a plant containing items that are the direct product of this technology or software; and/or (4) the foreign-origin item incorporates more than a *de minimis* amount of controlled U.S.-origin parts, materials and/or components (known as the "*de minimis* rule"). The specific controls that apply depend on the classification of the product, the countries and parties involved in the transaction, and the end-use. The EAR also control releases, or transfers, of source code or technology to a foreign national physically located within the United States (a "deemed export").

BIS maintains the Entity List, which is a compilation of foreign individuals, companies, and organizations that are considered a national security concern by the U.S. government. Individuals and entities included on the Entity List are subject to specific export and re-export restrictions, and licensing requirements for certain technologies and goods. BIS also maintains other lists of restricted parties including the Denied Persons List and the Unverified List.

BIS also prohibits engaging in transactions where the seller knows or has reason to know that the products to be transferred (or re-transferred or re-exported) are destined for a prohibited end-user or end-use.

U.S. Regulations on Outbound Investments

On August 9, 2023, the U.S. government issued an executive order, and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for U.S. outbound investment controls focused on China, including Hong Kong and Macau. To implement the executive order, on October 28, 2024, Treasury issued a final rule on the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**"), which implements the Outbound Investment Security Program ("**OISP**"), which took effect on January 2, 2025.

The OISP targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau. The OISP imposes investment prohibitions and notification requirements on "covered transactions" by U.S. persons (including U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) or their non-U.S. person subsidiaries in "covered foreign persons," broadly covering companies engaged in certain covered activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. For example, covered activities under the Final Rule concerning semiconductors and microelectronics include electronic design automation software; certain fabrication and advanced packaging tools; and the design, fabrication, or packaging of certain advanced integrated circuits. Covered transactions related to the design, fabrication, or packaging of integrated circuits that are not otherwise covered by the Final Rule's prohibited transaction definition are subject to its notification requirement.

A "covered transaction" includes certain purchases of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund, involving covered foreign persons. A "covered foreign person" includes (i) a person of a country of concern that engages in a covered activity, and (ii) a person that directly or indirectly holds relevant interests (including a board seat, a voting or equity interest, or contractual power to direct or cause the direction of the management or policies) in persons of a country of concern engaged in covered activities that contributed, individually or in the aggregate, at least 50% of its

consolidated revenue, net income, capital expenditures or operating expenses for the most recent year. As advised by DLA Piper, we are likely to be deemed a "Covered Foreign Person" engaged in the design of semiconductors specified in the OISP. Specifically, we are engaged in the design of integrated circuits that are covered by the definition of "notifiable transaction" but not covered by the definition of "prohibited transaction" (each as defined in the Final Rule). However, as discussed below, U.S. persons (as defined in the Final Rule) may be able to rely on the exception for publicly traded securities (the "Publicly Traded Securities Exception") for their [**REDACTED**] of our H Shares in the [**REDACTED**].

The Final Rule requires U.S. persons that are the parents of non-U.S. person entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The OISP's notification requirements also apply to U.S. persons that are the parents of non-U.S. person entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. In addition, the Final Rule prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person.

The Final Rule includes certain exceptions, which, if applicable, exclude from the OISP's prohibitions and notification requirements a transaction that would otherwise be either a prohibited transaction or a notifiable transaction if engaged in by a U.S. person. These exceptions include the Publicly Traded Securities Exception, which is applicable to certain U.S. person investments in publicly traded securities that are traded on a national stock exchange or the over-the-counter markets, provided that such U.S. persons are not afforded rights beyond standard minority shareholder protections with respect to the issuer. Following completion of the [**REDACTED**], our H Shares will be listed and authorized to be publicly traded on the Stock Exchange and therefore would be considered "publicly traded securities" under the Final Rule, as would our A Shares traded on the Shanghai Stock Exchange. This means that a purchase of such "publicly traded securities" by a U.S. person or its non-U.S. person subsidiaries after the completion of the [**REDACTED**] or our other publicly traded securities would be eligible for the Publicly Traded Securities Exception, provided that such U.S. person or its non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to our Company.

U.S. persons may be able to rely on the Publicly Traded Securities Exception for their purchases of our H Shares in the [**REDACTED**]. On December 23, 2025, the Treasury issued new guidance regarding compliance with the Final Rule in the form of frequently asked questions in respect of the OISP (the "Treasury FAQ," available at https://home.treasury.gov/policy-issues/international/outbound-investment-program/frequently-asked-questions). This new guidance included questions on the scope of the Publicly Traded Securities Exception. In one of the questions, Treasury FAQ X.4., the Treasury stated that absent additional facts, if a U.S. person acquires a publicly traded security that, at the time of such acquisition, is publicly traded, the security falls within the description of "publicly traded security" for purposes of the Publicly Traded Securities Exception. Because the granting of the approval of the Listing Committee of the Stock Exchange for the [**REDACTED**] of the H Shares is a condition to the completion of the [**REDACTED**] and investors in the [**REDACTED**] will therefore receive publicly traded securities, the Treasury's view on the availability of the Publicly Traded Securities Exception expressed in FAQ X.4. may be applicable to a U.S. person's acquisition of our H Shares in the [**REDACTED**]. As discussed above, the Publicly Traded Securities Exception is not available if the transaction affords the U.S. person rights beyond standard minority shareholder protections with respect to the issuer of the securities. Investors seeking to rely on the Publicly Traded Securities Exception must make their own determinations as to their obligations under the Final Rule, and they should consult their own counsel if they have questions.

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

OVERVIEW

Our history dates back to the establishment of Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司) in November 2009 under the laws of the PRC. Over the years, we have evolved into a global leader in high-performance non-volatile memory chip design. We are committed to meeting the rapid iteration and expansion of memory requirements in the AI era, supplying key non-volatile memory chips — such as SPD chips, EEPROM, and NOR Flash — and lens driver chips, together with supporting solutions. Leveraging deep R&D capabilities and global market experience, our products now span core memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics. Since our Company's establishment in November 2009, our Company has consistently driven innovation and excellence in memory chip design, earning widespread industry recognition and certifications, including regional high-tech enterprise status and multiple awards for technology innovation. According to Frost & Sullivan, in 2025, we held over 40% of the global DDR5 SPD chip market by revenue and 14.8% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments.

Mr. CHEN Zuotao saw the prospect of our Group and acquired the majority interest in our Company in July 2016, and has been appointed as the chairman of the Board of Directors and an executive Director of our Company since April 2017. In September 2018, we converted from a limited liability company into a joint stock limited company, with our corporate name changed to Giantec Semiconductor Corporation (聚辰半導體股份有限公司). In December 2019, our A Shares (SHSE: 688123) were listed on the Shanghai Stock Exchange STAR Market, marking a significant milestone in our growth. This listing enabled us to enhance our research and development capabilities and expand our market presence.

KEY CORPORATE DEVELOPMENT MILESTONES

The following table sets forth our key corporate development milestones:

Year	Milestone
2009	In November, our Company was incorporated in Shanghai under the name of Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司).
2011	We secured a key supplier position for our EEPROM chips with one of the world's leading smartphone companies.
2012	We were accredited as a High and New Technology Enterprise (高新技術企業) in Shanghai.
2013	We were accredited as a Shanghai Science and Technology "Little Giant" (Cultivation) Enterprise* (上海市科技小巨人(培育)企業) by Shanghai Science and Technology Commission* (上海市科學技術委員會) and Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
2016	We were recognized as a Shanghai Certified Enterprise Technology Center* (上海市認定企業技術中心) by Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
2018	In September, we were converted into a joint stock limited company under PRC laws.

Year	Milestone
	We were recognized as the Pudong New Area High-Growth Headquarter (浦東新區高成長性總部) by Shanghai Pudong New Area People's Government (上海市浦東新區人民政府).
2019	In December, the A Shares of our Company were listed on the Shanghai Stock Exchange STAR Market (SHSE: 688123).
2021	We were recognized as a "2020 Outstanding Enterprise Contributing to Pudong New Area's Economy" in the "Innovation and Entrepreneurship" category (2020年度浦東新區經濟傑出貢獻企業"創新創業").
	We were selected as one of the Key Integrated Circuit Design Enterprises (重點集成電路設計企業) by National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會).
2023	We were recognized as a National Specialized and Innovative "Little Giant" Enterprise* (國家級專精特新"小巨人"企業) by the Ministry of Industry and Information Technology of the PRC.
2024	We were recognized as a 2024 Shanghai Municipal "Manufacturing Single Champion" Enterprise by the Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
	We were recognized as a Regional Operation Headquarter in Pudong New Area (浦東新區營運總部) by the Shanghai Pudong New Area People's Government (上海市浦東新區人民政府).
2025	We were awarded the 2025 STAR Market Top 50 (2025科創板價值50強) by the China Media Group and the Shanghai Municipal People's Government.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Group comprised our Company and seven subsidiaries. The following table sets out certain information of each of our Major Subsidiaries as of the Latest Practicable Date:

Name of Subsidiary	Date and place of incorporation	Equity interest attributable to our Group	Authorized share capital/ Registered capital	Principal business activities
Giantec-Semi Import & Export (Hong Kong) Limited (聚辰半導體進出口(香港)有限公司)	December 11, 2009 Hong Kong	100.00%	HK$100	Sales of integrated circuits
Giantec Semiconductor (Nanjing) Co., Ltd.* (聚辰半導體(南京)有限公司)	September 16, 2021, PRC	100.00%	RMB10,000,000	Integrated circuit R&D and sales

The Company held 100% of the equity interests in the above subsidiaries throughout the Track Record Period.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Further Information about Our Major Subsidiaries" for more details on the share capital changes of our Major Subsidiaries.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of Our Company

Our Group's establishment traces back to 2009, when Giantec Semiconductor Inc. ("**Giantec Cayman**") was co-founded by Mr. PU Hanhu ("**Mr. PU**") and Integrated Silicon Solution, Inc. ("**ISSI**") in the Cayman Islands. According to publicly available information, Mr. PU served in various positions related to physics, electrical engineering and semiconductor technology. Before the founding of our Group, Mr. PU joined ISSI, a fabless semiconductor company previously listed on the NASDAQ Stock Exchange, and served in various senior positions. ISSI is principally engaged in the design and marketing of integrated circuits for automotive, communications, industrial and digital consumer markets.

To the best of our Company's knowledge and save for Mr. PU's aforesaid employment roles at ISSI and his participation with ISSI in the founding and development of Giantec Cayman, there was no other relationship among Mr. PU, ISSI and Mr. CHEN Zuotao prior to the Acquisition. In particular, Mr. CHEN Zuotao did not have any prior personal, business or shareholding relationship with Mr. PU or ISSI before he became aware of the Acquisition opportunity.

Giantec Cayman subsequently established Giantec Semiconductor (Hong Kong) Limited in September 2009, which was wholly owned by Giantec Cayman. Giantec Semiconductor (Hong Kong) Limited then established our Company in Shanghai as a limited liability company named Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司) on November 13, 2009 with an initial registered capital of US$7,000,000. The Group was principally engaged in the design and development of integrated circuit products and the sale of such products, and provided related application solutions and technical support services. Since its foundation, the Group has undergone a few rounds of financing and equity transfers.

Equity Transfer in 2016 and Conversion into a Joint Stock Limited Company in 2018

Prior to Acquisition (as defined below), the Group was mainly held by Shanghai Walden Venture Capital Enterprise (上海華鑫創業投資企業), Zhangjiang GUKE Company Limited, MIAO Yubo, Shanghai Tonghua Dingrong Investment Center (Limited Partnership) (上海同華鼎融投資中心(有限合夥)) and IPV Capital II HK Limited (collectively, the "Sellers"), each of whom were interested in more than 10% of the shares of the Group. The Acquisition opportunity was identified and introduced to Mr. CHEN Zuotao through IPV Capital, a professional venture capital institution focusing on the semiconductor industry and the actual controller of IPV Capital II HK Limited. IPV Capital had previously participated in early-stage investments in a number of semiconductor companies. In early 2015, Mr. CHEN Zuotao became aware of the potential opportunity to acquire an interest in our Group through IPV Capital. Having considered the potential growth of the integrated circuit industry and the prospect of our Group, Mr. CHEN Zuotao decided to make the Acquisition as an strategic investment to support our Group's long-term development. Mr. CHEN Zuotao acquired approximately 73.46% of our equity interests in July 2016 by way of acquisition through Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) (previously known as Jiangxi Heguang Investment Management Co., Ltd.* (江西和光投資管理有限公司)), for a cash consideration of US$24,829,918 (the "**Acquisition**"). The consideration of the Acquisition was determined after arm's length negotiation between Mr. CHEN Zuotao and the Sellers, each being

an independent third party of Mr. CHEN Zuotao. Mr. CHEN Zuotao has been appointed as the chairman of the Board of Directors and an executive Director of our Company since April 2017. Our Group's principal business activities remained substantially the same before and after the Acquisition.

On September 26, 2018, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited company. The registered share capital of our Company immediately after its conversion into a joint stock company in September 2018 was RMB90,631,400.

Listing on the Shanghai Stock Exchange

In December 2019, we completed the listing of our A Shares on the Shanghai Stock Exchange STAR Market (SHSE: 688123). We offered a total of 30,210,467 A Shares in connection with the listing, which represented 25% of our Company's total share capital immediately following the listing.

Subsequent Shareholding Changes

Subsequent to the completion of the A Share listing, there had been several instances of share capital changes of our Company as a result of repurchase of A Shares under repurchase mandates, issuance of A Shares under employee stock ownership plans, and conversion of capital surplus into share capital. The total issued share capital of our Company was 158,902,569, comprising 158,902,569 A Shares as of the Latest Practicable Date. For details of changes in share capital of our Company within the two years immediately preceding the date of this document, See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company."

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEE STOCK OWNERSHIP PLANS

In order to incentivize our Directors, senior management and core employees for their contributions to our Group and to attract and retain suitable personnel to our Group, since April 2021, we have adopted a series of employee stock ownership plans. See "Appendix IV — Statutory and General Information — D. Our Incentive Plans" to this document for details.

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

Our Company has been listed on the Shanghai Stock Exchange STAR Market since December 2019. Since our listing on the Shanghai Stock Exchange STAR Market and up until the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects. As advised by our PRC Legal Advisors, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisors are of the view that for the years ended December 31, 2023, 2024 and 2025 and up to the Latest Practicable Date, we have complied with the relevant laws and regulations on A-share listing applicable to us in all material respects. Based on the view of our PRC Legal Advisors as disclosed above and the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market during the Track Record Period and up to the Latest Practicable Date.

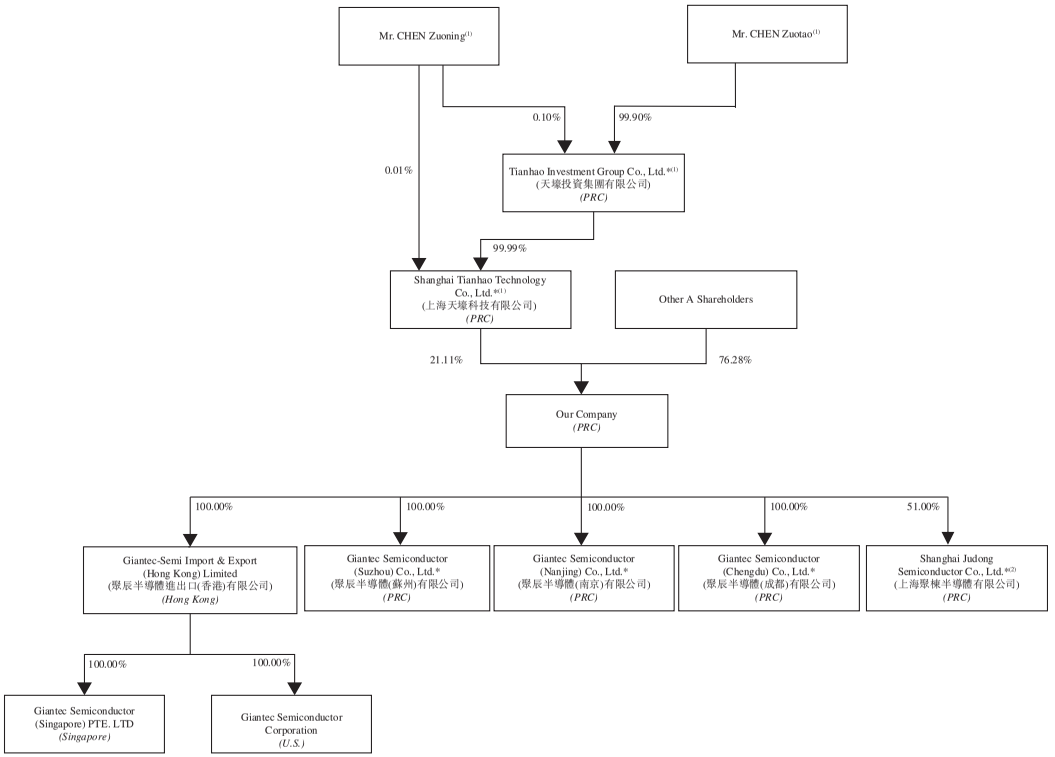
Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, further enhance overseas financing capabilities, further advance our global strategic footprint, and better attract overseas investors and talents. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

[**REDACTED**]

OUR CORPORATE AND SHAREHOLDING STRUCTURE

Shareholding and Corporate structure immediately before the completion of the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]):



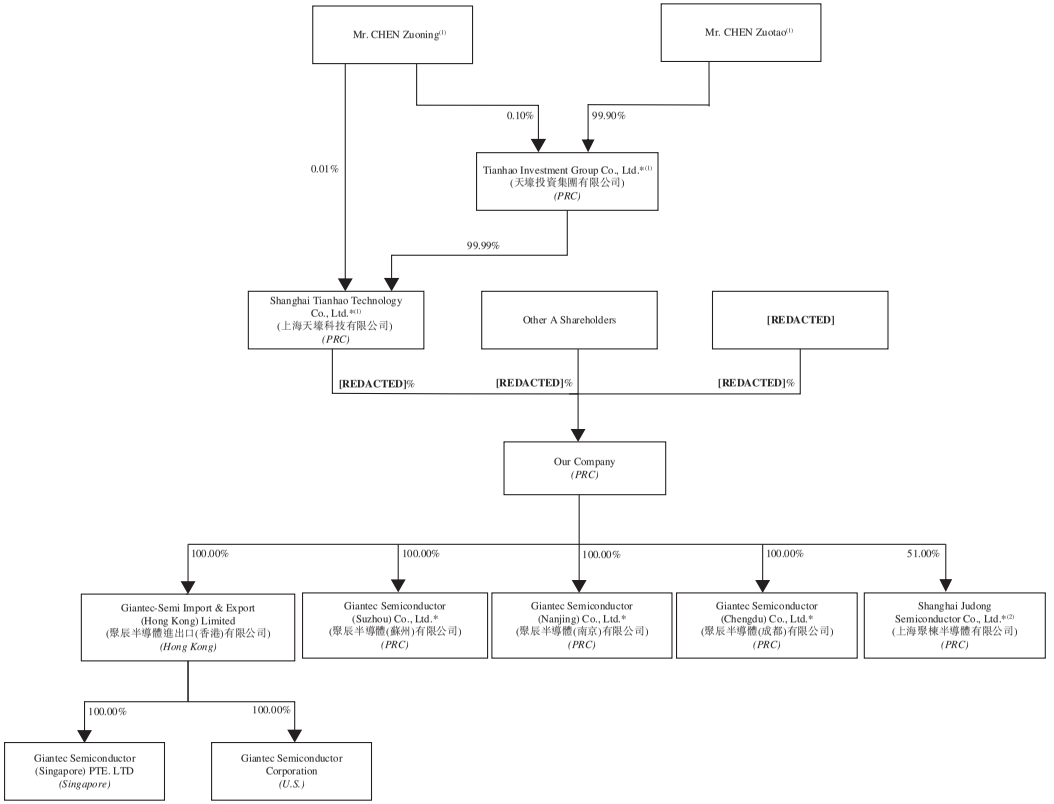
Notes:

(1) Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through Tianhao Technology, which directly owns 33,414,920 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately 21.03% of the issued share capital of our Company immediately before the [**REDACTED**].

(2) As of the Latest Practicable Date, Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) was owned as to 51.00% and 49.00% by our Company and Shanghai Donglong Microelectronics Co., Ltd.* (上海棟隆微電子有限公司) ("**Shanghai Donglong**"), respectively. Shanghai Donglong is a limited liability company incorporated in the PRC on August 26, 2020 and its ultimate beneficial owners are Independent Third Parties.

Shareholding and Corporate structure immediately following the completion of the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]:



Notes:

(1) Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through Tianhao Technology, which directly owns 33,414,920 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**].

(2) As of the Latest Practicable Date, Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) was owned as to 51.00% and 49.00% by our Company and Shanghai Donglong Microelectronics Co., Ltd.* (上海棟隆微電子有限公司) ("**Shanghai Donglong**"), respectively. Shanghai Donglong is a limited liability company incorporated in the PRC on August 26, 2020 and its ultimate beneficial owners are Independent Third Parties.

The table below sets forth the shareholding structure of the Company (a) as of the [**REDACTED**] Date; and (b) as at the end of the [**REDACTED**] exercise period, assuming that the [**REDACTED**] is fully exercised.

		As of the [REDACTED]		As at the end of the [REDACTED] exercise period, assuming that the [REDACTED] is fully exercised	
	Description of Shares	**Number of Shares**	**Approximate % of the issued share capital**	**Number of Shares**	**Approximate % of the issued share capital**
Our Single Largest Group of Shareholders[(1)]	A Shares	33,414,920	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other A Shareholders	A Shares	125,487,649	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	H Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total		[**REDACTED**]	**100.00**	[**REDACTED**]	**100.00**

Note:

(1) Represents 33,414,920 A Shares of our Company directly owned by Tianhao Technology. Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through the A Shares directly held by Tianhao Technology. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]. See "Relationship with Our Single Largest Group of Shareholders — Our Single Largest Group of Shareholders."

OVERVIEW

We are a global leader in high-performance non-volatile memory chip design. We operate with a fabless model, focusing on the design process and outsourcing wafer fabrication, packaging and testing. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering (i) key non-volatile memory chips, such as serial presence detect (SPD) chips — our primary product under this category, electrically erasable programmable read-only memory (EEPROM) chips and Not-OR flash (NOR Flash) chips, (ii) lens driver chips, and (iii) near field communication (NFC) chips, together with supporting solutions. According to Frost & Sullivan, we are the third largest EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023, 2024 and 2025 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

Memory chips have penetrated nearly every aspect of modern life. AI infrastructure, such as data centers and server clusters, is expanding rapidly with the accelerated adoption of AI technology. Automotive-grade systems in intelligent driving and vision sensing are evolving continuously as vehicles become smarter, and everyday consumer electronics such as smartphones and home appliances all rely on high-performance and high-reliability memory chips. Memory chips not only support fundamental functions such as system boot, parameter storage, and program loading, but also play a critical role in real-time data processing, edge computing, and concurrent multitasking. Their applications extend to almost all electronic devices and systems, making them essential components underpinning the digital economy.

In the AI-era, computing takes care of the core number-crunching work for model training and inference, while memory serves as the foundation for data capture, transfer, buffering, and storage. Fueled by AI, the scale of training keeps growing, and inference is quickly making its way into end-market verticals. The rapid growth of global data is accelerating the upgrade of memory technology and reshaping the role and value of the memory chip industry.

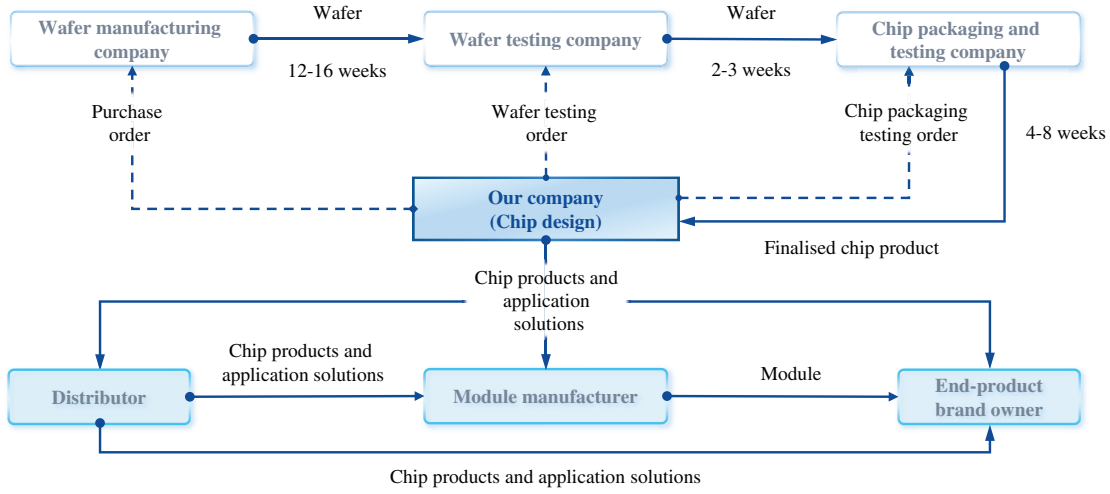
Against this backdrop, memory density and performance requirements are reaching unprecedented levels. As AI, IoT, and 5G converge and proliferate, electronic systems are imposing far more stringent requirements on memory capacity, speed, power, and reliability.

Drawing on over 16 years of industry experience and a deep understanding of market needs, we have developed our core product lines — non-volatile memory chips, lens driver chips, and NFC chips. We pursue design wins to demonstrate our technical capabilities and build customer trust, advance products from pilot production to mass production, and leverage these established relationships to capture cross-selling opportunities. As a result, our products are widely adopted by the world's leading memory-module vendors, well-known automotive brands, and mainstream smartphone manufacturers, both in China and overseas. According to Frost & Sullivan, in 2025, we held over 40% of the global DDR5 SPD chip market by revenue and 14.8% of the global EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments, specifically, we were:

- the third largest EEPROM supplier in the world in 2023, 2024 and 2025 by revenue,
- the largest China-based EEPROM supplier in 2023, 2024 and 2025 by revenue, and
- the second largest supplier of DDR5 SPD chips in the world in 2023, 2024 and 2025 by revenue.

Our Business Model

We operate a fabless model focused on the R&D, design, and sale of integrated circuit products.



Highlights of Our Product Offerings

Our product portfolio includes (1) non-volatile memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips, which are EEPROM-based non-volatile memory chips that supports DDR2 through DDR5 memory modules widely adopted in AI servers and AI PCs; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) lens driver chips, and (3) other products, primarily including NFC chips.

Memory module supporting chips

We have adopted a co-development model that enables us to serve as a core supplier to major global memory companies, in particular, top-tier dynamic random access memory (DRAM) module players in the world. The AI-era is driving substantial upgrades in memory configurations for servers and PCs used in AI infrastructure. Mainstream AI servers typically deploy more than 20 DDR5 memory modules — about twice that of general-purpose servers. The increasing adoption of AI PCs is also driving successive upgrades in memory configurations for our customers. We have developed SPD chips for memory modules since DDR2. For DDR5, building on our mass-production track record and core technologies, we are in a strategic collaboration with a global leader in memory interconnect chips. As DDR5 spreads across data centers and edge computing, we believe our SPD chip technology will continue to be recognized by enterprises specializing in memory modules and provide technological underpinnings for secure and controllable digital infrastructure in China and globally.

We supply the essential SPD chips for our strategic partner's DDR5 memory interface solutions, which are critical components used in DRAM modules in servers. Therefore, we benefit from this synergistic collaboration in terms of expedited product roll-out and quickly access the world's major DRAM module suppliers. The global server DRAM market is highly concentrated, with top-tier players capturing the vast majority of market share, a landscape that enables us to capitalize on the market's rapid growth. According to Frost & Sullivan, the global top three DRAM suppliers together accounted for over 90% of the server DRAM market in 2025 and we are the world's second largest supplier of DDR5 SPD chips in 2023, 2024 and 2025 by revenue.

We are also actively extending our product lines and have introduced VPD chips supporting next-generation high-performance memory devices. VPD has become a key component in new-generation enterprise SSD (eSSD) modules and CXL (Compute Express Link) memory modules, where it provides vital parameter management, device identification, and system-level verification. As model training and inference scale up, AI servers and high-performance computing systems demand more of memory performance, reliability, and manageability. Standards for eSSD and CXL are advancing accordingly, imposing tighter requirements on VPD accuracy, stability, and interface capability. In VPD, we have partnered with a globally leading memory manufacturer that leads standard setting and product specifications, becoming the first VPD developer to enter the design-in phase to support that company's next-generation eSSD modules and CXL memory modules, thereby building technical and customer barriers.

High-reliability memory chips for automotive electronics

The demand for high-reliability products is setting up competitive barriers in the industry, benefiting leading companies like us. Notably, automotive electronics is one of the most definitive and high-potential markets for memory chips. Upgrades to automotive E/E architectures driven by electrification, intelligence, and connectivity are triggering a structural step-up in automotive memory demand. At the application level, functionality upgrades in core modules are directly increasing per-vehicle memory requirements, such as intelligent cockpits moving to multi-screen and high-performance computing platforms, ADAS and autonomous driving advancing to higher levels, and the rising number of domain controllers. Vehicle use of high-performance memory chips such as EEPROM and NOR Flash for parameter and firmware memory continues to increase. According to Frost & Sullivan, global sales volume of NEV is expected to rise from 28.3 million units in 2026 to 44.3 million units in 2030, representing a CAGR of 11.9%. Compared to 10-15 units of EEPROMs typically used in a single internal combustion engine (ICE) vehicle, the count of EEPROMs in a new energy vehicle has grown to 30-40 units.

Automotive electronics has stringent requirements on reliability, temperature tolerance, and noise immunity of memory chips, resulting in higher quality and development thresholds. Our high-reliability memory chips for automotive electronics meet AEC-Q100 A1-A2 standards, with EEPROM densities from 1 Kb to 4 Mb and NOR Flash densities from 512 Kb to 16 Mb. Our memory chips are widely adopted across dozens of sub-modules in the four major automotive domains — visual perception, smart cockpit, electrified powertrain, and body/chassis.

Automotive System	Automotive Submodule
Visual Perception	ADAS Cabin monitoring & Interior camera Assisted panoramic perception AVM
Smart Cockpit	Instrument cluster Central control display IVI system Interaction between
Chassis and Vehicle Body	EPS/ABS BCM/VCU/TPMS Airbag Window/Door controllers
EIC System	Electric drive BMS system OBC

With the trend toward domestic sourcing by Chinese OEMs, our products are deployed widely across multiple core in-vehicle modules by 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands. Given that automotive-grade certification typically takes a relatively long period, this deep engagement model creates natural customer barriers and long-term stickiness. This position not only reflects our technical strength, but also supports further market share gains and consolidation of our leadership.

Memory chips for consumer electronics

Leveraging over 16 years of experience, we continually adopt product upgrades to address unmet need in the AI-era. For example, as a basic memory component, our EEPROM is widely used across consumer electronics end-products. AI is making consumer electronics end-products smarter. As features evolve and categories emerge, the breadth and depth of memory applications are rising, expanding the market for memory chips. We hold leading global positions in several important sub-segments such as smartphones, LCD panels, and Bluetooth modules, and our penetration continues to increase. We are also seizing opportunities in edge AI, extending our product application into new categories to reinforce our growth momentum.

For consumer electronics, our memory chip lineup includes high-performance EEPROM and advanced NOR Flash products. We offer a full spectrum of EEPROM with densities from 1 Kb to 4 Mb. Our NOR Flash focuses on low-power SPI NOR (NOR Flash memory accessed via a serial interface), including products built on our NORD platform covering a density range of 512 Kb to 64 Mb, with an ETOX-based reserve from 32 Mb to 512 Mb to meet larger firmware needs of certain consumer electronics end-products, giving customers tiered choices.

We have long focused on smartphones, the largest sub-segment in consumer electronics. Our EEPROM has been used in camera modules of one of the globally leading smartphone brands since 2011. Our products are widely used by major global smartphone brands and in the end-products of many leading consumer-electronics companies.

Diversified Applications Within a Single Scenario

We have long been deeply engaged in the smartphone market — the largest segment within the consumer electronics sector — continuously strengthening our business capabilities and deepening our technological market penetration in smartphone applications. For example, in smartphones, our products are integrated into multiple key modules and play important roles:

- EEPROM chips serve as the preferred storage technology in smartphone camera modules. As smartphones enter the era of an established installed base and consumer demand for high-quality photography and videography continues to grow, camera technology innovation has become a key focus of differentiation among major handset manufacturers. The volume of data that needs to be stored in camera modules, including lens parameters, white balance parameters, autofocus position information, and other data, is increasing. EEPROM chips, with their versatility, high reliability, stable data storage, and endurance of millions of write cycles, effectively meet the various parameter storage requirements of camera modules. Combined with lower power consumption, reduced write current, and superior electrostatic discharge protection, EEPROM has become the storage technology of choice in this application.

- Lens driver chips control autofocus (AF) and optical image stabilization (OIS) in smartphone cameras. With the goal of optimizing the user photography experience, AF and OIS have become key technologies for upgrading smartphone camera functionality and enhancing imaging quality. Our lens driver chip product line encompasses open-loop AF, closed-loop AF, discrete OIS, and integrated OIS solutions, and is widely deployed in camera modules across major smartphone brands. We have also independently

developed a two-in-one technology that combines a lens driver chip with an EEPROM chip, significantly reducing the footprint of two separate chips within the camera module and further enhancing our product competitiveness.

- NOR Flash chips are suited for applications where storage capacity requirements are relatively high. Smartphones require small-to medium-capacity code-type memory for internal instruction execution, system data exchange, and other functions, and NOR Flash chips offer performance and cost advantages in such applications. Our series of NOR Flash chips are now widely used in AMOLED displays and TDDI (Touch and Display Driver Integration) controllers in smartphones.

- NFC chips enable seamless short-range communication with NFC-enabled smartphones. NFC connectivity has become a standard feature of mainstream smartphones, and our NFC chips are designed for broad interoperability and practical security, complying with NFC Forum technical specifications and universal ISO/IEC short-range communication standards. With embedded EEPROM/NOR Flash chips for storing fixed identification codes and application data, users can perform configuration updates, feature activation, and after-sales support operations via their smartphones, further reducing the management costs associated with large-scale deployment by end customers.

Our Market Opportunities

AI servers and AI PCs

- As large-model training and inference scale up, global AI infrastructure is entering a new development phase. AI servers that carry cloud computing and AI PCs with local inference capability are both poised for explosive growth. According to Frost & Sullivan, global shipments of AI servers will exceed 3.2 million units in 2026 and will reach 7.8 million units in 2030, with a CAGR of approximately 25.0% during the period, and AI PC penetration rate will rise from 42.0% in 2026 to 85.0% in 2030.

- Faster deployment of AI infrastructure is increasing memory per system. In data centers, mainstream AI servers typically deploy over 20 DDR5 DIMMs — double that of traditional servers — and are increasingly configured with more DRAM and SSD (solid state drive, a fast and durable storage device using flash memory) modules. On the device side, AI PCs are ramping up more rapidly and equipped with higher-capacity DRAM and SSD configurations than traditional PCs. With both cloud and devices expanding, system counts, and per-system content are rising in tandem, significantly increasing the installed base of modules and corresponding memory chips.

- Against this backdrop, our SPD chips, which are already in commercial deployment and supporting DDR5, and our VPD chips for eSSD and CXL modules, which are currently in the design-in stage, are poised to see adoption and/or wider deployment by leading global cloud providers, server manufacturers, and AI-PC brands, broadening our key-account coverage and penetrating across AI infrastructure.

Automotive electronics

- The shift to smart, electric, and connected vehicles is accelerating, with E/E architectures evolving toward domain and zonal control. The number of controllers for autonomous driving, intelligent cockpit, body, chassis, and battery management is rising. The kinds and counts of memory chips per vehicle are well above those in traditional ICE models, moving from "a few critical nodes" to "multi-domain and multi-node."

- The automotive electronics EEPROM market is poised for explosive growth. Frost & Sullivan estimates that the global automotive electronics EEPROM market will exceed over US$700.0 million in 2030. As ADAS, cockpit, and electrified powertrain functions roll out across more models and trims, the number of controllers per vehicle continues to increase, and multiple modules for sensing, control, display, and power require dedicated memory to support software operation and function management. Rising penetration together with more memory points per vehicle is lifting total automotive-grade memory consumption.

- We supply EEPROM and NOR Flash for automotive electronics, and, given our products' reliability and stability, we expect to penetrate more models and modules at global automotive brands as the market expands.

Consumer electronics

- Consumer electronics have large unit volumes and broad user reach. Installed base and replacement demand are high, as edge AI spreads across price tiers and product forms, per-device memory consumption is trending up, creating a large and expanding application space for memory chips. According to Frost & Sullivan, global shipments of edge AI consumer devices will exceed 850 million units in 2025 with penetration over 40.0%.

- Consumer electronics sector drives growth in the memory chips market, fueled by growing demand for AIoT solutions and the accelerating deployment of edge AI devices, while the booming TWS earphone and smartwatch market requires high-density, low-power memory chip products for complex firmware and instant-on connectivity, sustaining steady demand.

- Our memory chips are already applied in smartphones and edge AI applications, with volume shipments to multiple brand customers. The rapid development of edge AI will continue to expand demand for our products.

OUR STRENGTHS

Differentiated capabilities across multiple memory sub-segments enabling effective capture of structural growth opportunities

Rather than relying on a single product or application, we have developed differentiated capabilities to continuously scale and replicate our success across different segments. This is further supported by our technology extension across multiple product lines, including SPD chips, EEPROM, NOR Flash, lens driver and NFC chips, which enables us to efficiently address a broad range of application scenarios and respond to evolving customer needs in the AI-era.

These capabilities allow us to proactively identify and capture emerging opportunities across the evolving memory market, particularly driven by the growth of AI-related applications. Our ability to consistently execute across product cycles and extend our capabilities across segments creates a scalable and hard-to-replicate advantage, enabling us to effectively capture emerging opportunities and strengthen our market positions across different niches over time.

Customer-driven innovation across successive product generations

We offer complete solutions across SPD chips, EEPROM, NOR Flash, lens driver and NFC chips, and we are advancing the design-in of VPD chips. We are also increasing production and shipments of higher-end closed-loop and OIS chips, aligning an all-generation, high-reliability, high-performance portfolio to diverse market needs, and gradually entering fast-growing categories such as edge AI.

Validated across demanding industries, our product quality has been recognized by applications with stringent quality and reliability thresholds. In 2023, 2024, 2025 and the first half of 2026, device-side failure rates for our memory chips were well below the common 50 PPM threshold applied to commercial-grade components. Our automotive-grade memory covers A1-A2 grades, holds IATF 16949 compliance certification, and passes AEC-Q100 tests, meeting top commercial performance levels. Our high-reliability EEPROM features wide voltage, strong compatibility, and low power, with up to 4 million program/erase cycles at room temperature and data retention up to 200 years.

We develop new products based on customer input, strengthening our definition capability through deep customer collaboration.

- For DDR5 SPD, we are in a strategic collaboration with Montage, a leading global memory interconnect supplier.

- In VPD, we are in partnership with a global leading memory vendor that leads standard setting and specifications, becoming the first VPD chip developer to enter the design-in phase to support that company's next-generation eSSD modules and CXL memory modules, laying the groundwork for faster commercialization and deployment.

- In lens driver chips, we work with well-known smartphone brands and module makers on new technology development, specification definition, and validation, continuously lifting our chip R&D, algorithm, and system-tuning capabilities in closed-loop and OIS lens driver chips, supporting the expansion of closed-loop and OIS-related business and deepening customer engagement.

- For NFC chips, we continue to reduce die area, improve RF sensitivity, expand packaging options, and to actively explore new application scenarios.

A high-stickiness, top-tier customer base with significant cross-selling potential

With mature mass-production experience and long-term market cultivation, we are a trusted partner to leading global companies. In memory module supporting chips, our DDR5 SPD co-developed with our strategic partner has been accepted by leading memory manufacturers for their DDR5 modules. In automotive and industrial, our products are widely used across multiple core modules for 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands. In consumer electronics, our products have entered the core supply chains of multiple global smartphone brands and are applied across the devices of many well-known consumer-electronics companies.

Memory quality, reliability, and stability are critical to system performance, and as a result, the industry naturally demonstrates high customer stickiness. In memory modules, automotive electronics, and industrial control and consumer electronics, supplier certification process is highly rigorous and time-consuming. Such process covers a whole range of aspects including product reliability, environmental tolerance, long-term stability, and mass production capability. Once a supplier is certified and ramps up production, they are rarely replaced. After many years of effort, we have gained market share across multiple products, including SPD for memory modules, EEPROM for automotive applications, EEPROM for smartphone cameras and LCD panels, and we supply memory chips to mainstream auto OEMs. The strong customer stickiness, combined with our proven track record of reliability, underpins our sustainable market leadership and ongoing growth.

Our broad customer base also enables efficient cross-selling. We typically start by offering a flagship product to a customer, build a solid reputation for consistent quality and reliable supply, then expand to meet their other memory chip needs. As our partnership grows, we participate in their discussions on further needs of memory solutions and specification design. By getting our products designed into their systems early on, during the definition and validation phases, we

reduce time-to-market, boost success rate, and grow our share of business with key customers. In memory modules, long-standing SPD leadership opened the door to VPD for next-generation eSSD and CXL memory modules. In automotive electronics, we have expanded from displays and infotainment to body, chassis, and electrified powertrain. In smartphones, we have broadened from EEPROM into lens driver chips and NOR Flash, increasing platform coverage with key customer accounts.

We maintain a global sales network, supported by a mature distributor system that aligns us with top customers across applications and underpins long-term strategic relationships. We also deploy localized sales or technical support in China, Korea, the United States, and other key markets, tracking dynamics and needs, and offering timely on-site response, tailored adaptation, and operational support. By responding quickly and professionally, we improve satisfaction and reinforce customer stickiness.

A highly coordinated, responsive supply chain

As a fabless company focused on design and R&D, we have over 16 years of mass production experience and built long-term relationships with leading foundries and OSAT partners around the world. These partners possess advanced manufacturing processes and ample production capacity.

To support our global expansion strategy, we are strengthening our overseas supply chain networks. We are establishing supply chain networks of wafer fabrication and assembly/test operations in regions like Singapore and South Korea, and partnering closely with multiple international suppliers. This approach not only gives us access to cutting-edge manufacturing processes, but also reduces regional risks and ensures steady supply. By adopting a diversified, supply chain model, we optimize resources on a worldwide scale, balance cost and product performance, and deliver reliable, uninterrupted supply to our customers.

Experienced management and R&D teams

Our management team has deep expertise in the IC industry. Core members bring an average of over 20 years of experience in semiconductors and enterprise management, with tenures at leading global firms and top domestic players alike. They possess a thorough grasp of the global memory chip value chain and key customer requirements, and bring with them strengths spanning from strategy, R&D, operations, and market development.

Our core R&D professionals hold relevant academic degrees and have worked at renowned semiconductor companies both domestically and abroad, with an average of over 15 years of industry experience. They possess specialized technical skills in memory chip design, process development, and system integration. We have assembled a diverse talent pool with strong track records in product planning, IC design, and validation. R&D staff account for approximately 60% of our total workforce, and over 30% of our employees hold master's degrees or higher. Driven by sustained innovation in SPD and EEPROM and lens driver chips, we held 80 granted patents and 83 composition designs as of the Latest Practicable Date, a testament to our systematic R&D capabilities and continuous technological breakthroughs.

OUR STRATEGIES

Deepen our advantages in established segments

We intend to continue to focus on segments where we lead, proactively capturing opportunities from industry shifts, and solidify our leadership.

- *Embrace the AI-era*. AI is driving explosive growth and upgrades in memory quantity and performance. With our pronounced lead in DDR5 SPD, we are the first to lay out VPD for next-generation eSSD and CXL modules and will consolidate this global leadership. Meanwhile, we are actively developing logic chips for edge-side applications, aiming to meet the growing demand for localized AI applications.

- *Advance in automotive electronics*. After more than a decade of technical and market investments, we hold a leadership position in China's in-vehicle market. Our customers cover all major domestic brands and extend to most global OEMs and Tier-1 suppliers. We will further expand our presence in overseas markets and aim to become a global leader in in-vehicle EEPROM in order to capture significant growth opportunities.

- *Increase penetration in consumer electronics*. We have maintained a leading position in EEPROM solutions for smartphone camera modules and LCD panels for over a decade. Going forward, we will capture new opportunities arising from emerging edge AI-driven features in various consumer electronics applications.

Continue to deepen our collaboration with top-notch customers and create value for them by focusing on a long-term development strategy and technology innovation

As speculative heat recedes, focus on the semiconductor industry is expected to return to technology and innovation. We do not wish to participate in price wars, and will instead focus on developing differentiated products and sustained innovation that deliver lasting customer value and support long-term, sustainable growth.

- For lens driver chips, particularly closed-loop and OIS, we work closely with top customers and apply innovations to solve pain points and help migrate high-performance features from premium phones down to mid-range and even entry-level models, enlarging the total market.

- In industrial markets where we have a strong EEPROM market share, we will invest in high-performance computing products and companion devices used alongside them to expand use in new-energy systems, industrial power and control, AIDC power supplies, and solid-state transformers (SSTs).

- Building on our leadership in memory chips, we will track industry trends and long-term customer needs, and actively develop new memory solutions that will create value for our customers and us.

We have established a diversified partner ecosystem spanning the semiconductor value chain, including global leading memory manufacturers, automotive brands and consumer electronic companies. Our collaboration takes different forms depending on the nature of the partnership. These include, for example, co-developing next-generation products jointly with technology leaders to align with evolving industry standards; engaging at the early design-in stage with partners who shape product specifications and market direction; and working closely with industry-leading players throughout their product development and validation cycles.to secure long-term platform positions. These collaborative approaches position us well to capture emerging opportunities across AI, automotive, industrial and consumer applications.

Expand and enhance our product offerings through leveraging a corporate culture of equality, openness, efficiency, and pragmatism

Good corporate management culture is key to a company's long-term success and health. We stay true to our values, including keeping customers at the center of what we do, and focusing on doing what is right. We communicate clearly and get things done quickly. Our team works to create

value for both customers and us, and in return, we try to create value for both our customers and employees. We are honest about our limits, we reflect on our work, and we are always willing to learn new things, enter new markets, develop new products, and work with new teams.

Building on this corporate management culture, we will expand our product line in a sustained manner through:

- Leveraging the strong, trusted relationships we have, to market and sell more of our products to our existing customers, and extend our know-how from our core products and use it to reach new customers and new applications.

- Keeping a close eye on potential technological trends and talented teams in the market, and attract external talents and teams with strong product development capabilities by providing a favorable development environment and incentive system, so as to fuel the R&D and expansion of new products.

- Seeking potential targets that possess industry-leading advantages, high technical barriers, synergistic effects with our existing business, and alignment with industrial development trends. Subject to prudent evaluation, we will steadily advance strategic investment and integration to speed up the deployment of cutting-edge technologies and new products.

Expand overseas presence and strengthen supply chain and teams

We will continue to expand internationally, building and optimizing a supply-chain system. Building on existing overseas customers and business, we will deepen cooperation with local partners, increase localization in procurement, quality, and delivery, improve supply stability and flexibility, and better handle uncertainties in the global environment. In line with our migration toward higher-end applications, we will introduce more mature overseas processes and technology resources to ensure future performance upgrades.

We will also build international professional teams. By attracting and working with top overseas technical teams, we will continuously improve our R&D and design capabilities, which will support our technological upgrades and global business expansion.

OUR EVOLUTION

Our long-term vision has been to build a global fabless semiconductor company at the cutting-edge of non-volatile memory and lens driver chip technologies, developing and delivering advanced, AI-driven memory chip solutions for applications across industries. We have focused on the intersection of business insight and technological innovation and it continues today — we create value for customers by providing innovative memory chip products and solutions that leverage our proprietary technology and deep expertise across industries and business processes. Over the years, centered around a business strategy to identify the industries and customers that have a significant unmet need for our technology capabilities to solve the application issues they encounter, we have been able to consistently innovate, develop and apply our technology capabilities, and evolve our business.

We adopt a fabless manufacturing strategy, where we focus on the design and sales of non-volatile memory and lens driver chip products and solutions and partner with world-leading suppliers on wafer fabrication, packaging and testing. At the core of our business is semiconductor design, which involves the complex translation of design requirements and features into a specific physical circuit layout. Key steps in this process include system specification, RTL coding, circuit

design, simulation and verification. We believe our fabless model reduces our capital requirements, operating expenses and time to market, which in turn enables us to focus and devote our resources to developing our core competencies in research and development, technological innovation, and product design.

The following represents certain highlights of development milestones since our founding in 2009:

- 2011 — Entered into the supply chain of a world-leading mobile phone manufacturer.
- 2015 — Began mass production of open-loop lens driver chips.
- 2016 — Became the world's top EEPROM supplier for smartphones, serving as a key supplier for a world-leading smartphone enterprise.
- 2018 – Launched the self-developed integrated lens driver + EEPROM two-in-one product.
- 2021 Q4 — Began mass supply of automotive-grade EEPROM products and DDR5 SPD chips (co-developed with our strategic partner) entered commercialization phase following Joint Electron Device Engineering Council (JEDEC) standards.
- 2021 — Obtained IATF 16949 automotive quality management system certification and achieved technical breakthrough in EEPROM with 4 million program/erase cycles and 200-year data retention.
- 2023 — Certified as a National Specialized and Innovative "Little Giant" Enterprise.
- 2024 — Won Shanghai Municipal Manufacturing Single Champion Product award for EEPROM memory chips.

OUR ADVANCED PRODUCT OFFERINGS

Our product portfolio includes (1) non-volatile memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips that supports DDR2 through DDR5 memory modules, with a primary focus on DDR5; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) lens driver chips, and (3) other products, primarily including NFC chips.

Non-volatile memory chips

Non-volatile memory chips provide memory for identity, configuration, calibration data and executable code, and, on modern memory modules, also enable management and thermal sensing. We offer non-volatile memory chips, which enable long-term data retention and stable operation in a wide range of application scenarios. Within such non-volatile memory chips, we organize our offerings into three application-led groups described below.

- *Memory module supporting chips, which primarily include SPD chips installed on DDR (double data rate) DRAM modules used in PCs and servers*. SPD chips are our primary product offering in this category, which store the module's identity and timing parameters and, in DDR5, also mediate I^2C and I^3C and sense temperature. In addition, we are developing VPD chips intended to provide module identity and configuration memory for next-generation enterprise SSDs, extending our module-management know-how from DRAM modules into enterprise memory.

- *High-reliability memory chips for automotive electronics and industrial control, which comprise automotive-grade and industrial-grade memory chips.* This segment has far stricter requirements for reliability, temperature tolerance, and certification (such as AEC-Q100, IATF 16949) than consumer-grade products, forming high entry barriers. These efforts have built solid competitive barriers. We serve 16 of the world's top 20 car brands, and the relatively long automotive certification cycle creates strong customer stickiness for our memory chips for automotive electronics and industrial control.

- *Memory chips for consumer electronics*. Compared to automotive and industrial-grade products, the certification requirements of memory chips for consumer electronics prioritize ultra-low power consumption and compact size. Our memory chips for this segment serve broader applications (smartphones, handheld gimbal, wearables, home appliances) with reliability calibrated to typical consumer product life cycles.

Memory module supporting chips

We design and supply SPD chips that provide the identity, configuration memory, management channel and thermal telemetry required across DDR generations from DDR2 through DDR5, currently with a primary focus on DDR5. Every DDR module carries an SPD chip — an EEPROM-based non-volatile memory chip that stores the module's identity and timing parameters so the system can bring the memory up correctly at power-on and operate it at rated performance. In DDR5, the SPD also integrates an I^2C/I^3C hub that mediates the Sideband Bus among on-module devices and a high-precision temperature sensor at the SPD. JEDEC standards require a PMIC on DDR5 modules to manage local power delivery, and our SPD interoperate with the PMIC and TS over the management channel to support standards-compliant configuration and thermal control.

We have built this product line generation by generation. During the DDR2 and DDR3 eras, we established a complete SPD portfolio across mainstream module types, through which we built relationships with major module makers. In the first half of 2022, we leveraged a market-wide DDR4 SPD supply shortage to broaden our presence with leading module manufacturers. Our initiatives in this period reinforced our reputation for reliable delivery and fast platform adaptation of our SPD chip products.

The transition to DDR5 marked a step-change in both specification and market opportunity. We launched DDR5 in the fourth quarter of 2021. Since then, our co-developed DDR5 SPD chips have moved into broad deployment at major memory module players. We are in a strategic collaboration with Montage, a global leader in memory interconnect chips. Together with Montage, we have developed DDR5 SPD chips that support next-generation memory modules. In the course of such collaboration, each party retains ownership of the technologies and intellectual property independently developed by it in connection with the DDR5 SPD chips, while the parties jointly bear the related R&D expenses and production costs and share the gross profit generated from sales of these products. By staying closely attuned to end users' product requirements, we are able to plan our chip products and define product specifications with greater precision, thereby effectively reducing the R&D risks associated with new products and enhancing both their suitability for end applications and their market competitiveness. We have established a leading market position in DDR5 SPD. We are the second largest supplier of DDR5 SPD chips in the world in 2023, 2024 and 2025 by revenue, according to Frost & Sullivan.

Our products' form factor and platform coverage has expanded in line with market demand. Our DDR5 SPD is not only applied on memory module formats used in desktops, laptops, and servers, including UDIMMs (standard memory modules commonly used in desktops), SODIMMs (compact memory modules designed for laptops and small form-factor devices), and RDIMMs (memory modules commonly used in servers and data centers), but also supports new slim-form-factor memory module packaging formats, such as CAMM/CAMM2 (a thinner memory module design enabling slimmer laptop profiles) and LPCAMM/LPCAMM2 (a power-efficient version of CAMM designed for ultra-thin laptops and portable devices). These memory modules require one

SPD and one PMIC per module. As premium thin-and-light laptops and other electronics products gradually shift from the older low power double data rate (LPDDR) to LPCAMM2, the demand for DDR5 SPD chips increases. In addition, our DDR5 SPD covers memory module packaging formats, such as RDIMM (memory modules with a register for improved stability used in servers), LRDIMM (load-reduced memory modules allowing higher capacity in servers and data centers), MRDIMM (multiplexed-rank memory modules enabling higher bandwidth for AI and high-performance computing) and SOCAMM/SOCAMM2 (compact memory modules designed for edge servers and embedded systems). A typical DDR5 server DIMM carries one SPD, two TS and one PMIC under the JEDEC standard. AI servers commonly use over 20 DIMMs per system, roughly twice as many as for a mainstream general-purpose server. This multiplies the number of units needed for our SPD chips, creating a significant need for our DDR5 SPD chips.

Our strong technology and standards compliance underpin this product line. We design our SPD hub for the JEDEC-defined I^2C and I^3C management channel (a standard interface for the system to communicate with and configure memory module components) used on DDR5 DIMMs. This allows system controllers to discover and configure on-module devices, read vital product data, and monitor thermal conditions with high reliability. The embedded non-volatile SPD keeps identity and configuration data even when power is off for the entire life of the module. The integrated TS provides continuous readings at the SPD location to support thermal management and performance derating policies.

In 2023, we began developing a VPD chip which is the first VPD chip to enter the design-in phase to support next-generation eSSD modules and CXL memory modules, extending our module-management expertise beyond DRAM and aligning with the industry's move toward standardized non-volatile identity in enterprise memory storage.

Key features and application scenarios of memory module supporting chips

Our DDR5 SPD integrates three functional blocks, an 8 Kb EEPROM for identity and configuration, an I^2C/I^3C hub that complies with the JEDEC-defined I^2C/I^3C management channel on DDR5 DIMMs, and a high-precision temperature sensor located at the SPD site for local thermal telemetry. Our DDR5 SPD is in mass production and can be applied across UDIMM, SODIMM, CAMM/CAMM2, LPCAMM/LPCAMM2, SOCAMM/SOCAMM2, RDIMM, LRDIMM and MRDIMM. We co-developed our DDR5 SPD with Montage and established broad deployment by major memory module players beginning late 2021. As compared with DDR4 SPD, our DDR5 SPD contains higher specifications and richer on-module content, increasing the value of our DDR5 SPD per module. In addition, a wider application of AI servers and AI PCs further increases demand for our DDR5 SPD chips.

The application scenarios of our memory module supporting chips include, without limitation:

- *PCs*. DDR5 SPD is applied on UDIMM and SODIMM for desktops and notebooks and on the new thin-and-light formats CAMM/CAMM2 and LPCAMM/LPCAMM2, which are gaining adoption in new notebooks and compact designs. As the industry moves toward AI PCs, memory modules in these systems tend to carry more memory chips creating more opportunities for us.

- *Data centers, servers, and AI servers*. In data centers, DDR5 SPD handles identification and management-bus communications across RDIMM, LRDIMM, MRDIMM formats and also supports SOCAMM/SOCAMM2 formats for accelerator-class and AI-server designs. AI servers typically use more than twenty DDR5 DIMMs in a single system, about twice as many as mainstream general-purpose servers. As AI servers adopt more DDR5 DIMMs, the need for our DDR5 SPD is expected to grow compared with DDR4. In addition, the next-generation GPU solution from one of the world's largest GPU suppliers will adopt the SOCAMM2 memory module form factor, and this solution also relies on DDR5 SPD chips to complete memory parameter configuration.

- *Enterprise SSDs*. In 2023, we began developing a VPD chip that brings identity and configuration functions to next-generation eSSD modules and CXL memory modules. A VPD chip enables consistent identity, field updates, and fleet-wide management across SSDs.

- *Legacy and embedded systems*. Our DDR3 and DDR4 SPD chips remain available for long-lifecycle platforms in industrial, embedded, and specialty computing.

Across these application scenarios, our SPD chip's embedded non-volatile EEPROM stores identity and configuration data even when power is off. Its integrated hub supports standards-compliant I^2C/I^3C communications among on-module devices, and its temperature sensing helps systems manage performance and stability under heavy load. In DDR5, our SPD chip works smoothly with on-module PMICs and temperature sensors in line with JEDEC's module topology, which enables reliable system bring-up, telemetry, and thermal management in PCs, servers, and AI platforms.

High-reliability memory chips for automotive electronics and industrial control

We design and supply high-reliability non-volatile memory chips for demanding embedded systems in vehicles and in industrial control equipment. Our portfolio centers on EEPROM for small, frequently updated parameters, identifiers, and logs. Our portfolio also includes NOR Flash for executable code and larger configuration blocks that must be read quickly and predictably. These chips are built for long service life, strong data integrity, and stable operation under electrical noise, voltage swings, and frequent power cycling.

(i) Automotive electronics

Our automotive-grade EEPROM spans the A1-A2 series and covers densities from about 1 Kb to 4 Mb. Our automotive-grade EEPROM support I^2C, SPI (a high-speed serial interface for fast data transfer), and Microwire (a simpler serial interface commonly used in legacy automotive systems) interfaces and offer compact packages to accommodate space-constrained control boards of a smart vehicle. We also offer automotive-grade NOR Flash focused on low to mid densities, centered around the 512 Kb to 16 Mb range, to host safety-critical and performance-sensitive code. The design, screening, and reliability testing processes of our automotive memory chips adhere to established automotive industry standards and have completed AEC-Q100 validation.

We have progressed through successive design wins and process improvements. We have introduced the A1-A2 automotive EEPROM and expanded densities and interfaces of our memory chip products for this segment over multiple generations. We also improved write endurance and data retention to meet vehicle lifetime targets. By 2023, our selected EEPROM achieved AEC-Q100 validation and entered series production with Tier-1 suppliers.

In 2024, we introduced low-density automotive NOR Flash, which can be applied in automotive cockpit and body. In addition, we have made our automotive NOR Flash, mainly for use in ADAS systems and power electronics.

(ii) Industrial control

For industrial control markets, our EEPROM products span roughly 1 Kb to 4 Mb and our NOR Flash products span 512 Kb to 64 Mb, with higher densities expected to be introduced in the future to support growing firmware images in automation, energy, and communications.

We develop this product line to gain broad adoption in factory automation and communications equipment. Through 2024 and 2025, we taped out and sampled higher-density industrial NOR Flash at 64 Mb, with additional densities under development for larger over-the-air updatable firmware in automation, digital energy, and networking.

Key features and application scenarios of high-reliability memory chips for automotive electronics and industrial control

We design our high-reliability memory chips for automotive electronics and industrial control with long service life and ability to provide steady performance under harsh environments. They are built to keep data intact, tolerate noise and power swings, and fit into dense circuit boards and modules.

EEPROM. We target multi-million write cycles at room temperature with controlled derating at higher temperatures. Our EEPROM products for automotive electronics and industrial control offer long data retention, low standby current, and compact packages, and also offer interface options covering I^2C, SPI, and Microwire, with common voltage and pin-count variants to make replacement and design-in straightforward. Our automotive-grade EEPROM spans the A1-A2 series and continues to gain acceptance of customers across their automative cockpit, visual perception, body, and powertrain programs.

NOR Flash. Our NOR Flash products can realize 100,000 erasure/programming cycles and nominal data retention over a 20-year period at room temperature. Read performance of our NOR Flash supports fast random access and execute-in-place, meaning code can run directly from flash. Our NOR Flash is also hardened for ESD and latch-up to handle noisy environments.

Across these memory chip products, we continue to refine our technology to reduce quiescent power, and improve electromagnetic and electrical robustness to meet evolving automotive and industrial standards.

The application scenarios of our memory chips for automotive electronics and industrial control include, without limitation:

- *Cockpit systems*. Our high-reliability memory chips for automotive electronics and industrial control store configuration, calibration, logs, and code across major electronic domains in a smart vehicle. In the intelligent cockpit, instrument clusters, infotainment head units, and head-up displays use our EEPROM to retain trim data, feature flags, and event logs through repeated updates and power cycles.

- *ADAS and vision sensing*. Camera modules, millimeter-wave radar modules and laser lidar modules use our EEPROM for lens and sensor calibration, module IDs, and diagnostics that must stay accurate for the life of the vehicle. With sensor counts and data rates keep increasing in a smart vehicle, durable parameter storage and quick code execution of our EEPROM become more critical to the steady performance of these modules.

- *Body and chassis systems*. Body control modules, electric power steering, and integrated braking systems write and rewrite parameters, status, and fault logs throughout their service life. Our EEPROM supports these frequent updates with high write endurance and noise immunity to protect data during cranking, brownouts, and load dumps.

- *Electrified powertrain*. Battery management systems, traction inverters, onboard chargers, and auxiliary controllers combine EEPROM for configuration and diagnostics. These applications emphasize long retention, resistance to electromagnetic interference, and dependable behavior under sustained thermal stress. Our memory chip products meet these needs across OEM qualification flows and extended service horizons.

- *Industrial automation*. Our EEPROM powers programmable logic controllers, servo drives, robotics, and factory gateways. Engineers store IDs, calibration constants, and field logs in EEPROM that must tolerate frequent updates and sudden power loss. Human-machine interface panels use EEPROM in display and touch modules to deliver responsive user interfaces and safe, repeatable firmware updates over many years.

- *Digital energy and power electronics*. In photovoltaic inverters, energy-storage systems, DC/DC and AC/DC converters, and EV charging equipment, our EEPROM records configuration and fault or event logs that survive brownouts, service cycles, and grid disturbances. As these platforms add richer telemetry and remote management, demand grows for larger code storage and more frequent parameter updates.

- *Communications infrastructure and optical modules*. Our EEPROM stores module identifiers, digital diagnostics, and calibration data that host systems read for monitoring and control. Optical transceivers and access or aggregation equipment require compact footprints, low power, and predictable long-term retention, and we tailor our memory chip products for dense, thermally constrained line cards and modules.

- *Medical devices and instruments*. Manufacturers use our EEPROM to retain calibration, device identifiers, and maintenance histories across regulated lifetimes of their end-products. These end-products run under controlled but extended temperature ranges and duty cycles, so we focus on data integrity and read stability to support long product lifecycles of these end-products.

Memory chips for consumer electronics

We serve consumer electronics end-products with a broad portfolio of non-volatile memory chips tailored for compact form factors and tight power budgets typically required of consumer electronics end-products. In these systems, our EEPROM stores small, frequently updated parameters such as calibration data, device identifiers, pairing keys and production records, and it preserves those data without power across the use life of particular consumer electronics end-products. We offer EEPROM from approximately 1 Kb to 4 Mb across I^2C, SPI and Microwire interfaces, and low-power SPI NOR Flash from 512 Kb to 64 Mb for consumer applications. We also offer SPI NOR Flash with higher-density reserves on ETOX with tens and hundreds of megabits to support larger firmware of certain consumer electronics end-products.

We established an early leadership position in smartphone imaging through entering the camera module of a top-tier mobile phone supplier in 2011. By 2016, we have become a top supplier of smartphone EEPROM for that use. As consumer electronics end-products demand lower power, we introduced an ultra-low-voltage smartphone EEPROM in January 2022 operating at 1.2 V and supporting automatic interface-voltage recognition for 1.2 V and 1.8 V I^2C rails, and it was selected as the sole EEPROM for the reference design of a leading smart phone brand. That design win accelerated the adoption of our memory chip products across power-sensitive wearables and emerging AI glasses.

By 2024, we ranked among the top global EEPROM suppliers by market share and held leading positions in smartphone cameras, LCD/AMOLED panels and Bluetooth modules. In 2025, we continued to improve our memory chip products to address package miniaturization requirements of certain consumer electronics end-products. In addition, we are developing higher-density SPI NOR Flash on ETOX to address larger over-the-air updatable firmware images in displays and connected accessories of certain consumer electronics end-products.

Key features and application scenarios of memory chips for consumer electronics

EEPROM. Our consumer EEPROM memory chips target multi-million write cycles at room temperature with controlled derating at higher temperatures. They offer long data retention, low standby current, and broad interface support across I^2C, SPI, and Microwire. Our memory chip products offer ultra-low-voltage options down to about 1.2 V allowing the system to operate at significantly reduced voltage levels, with automatic interface-voltage adaptation between 1.2 V and 1.8 V for I^2C, fitting the power budgets of smartphones, handheld gimbals, wearables, and AI glasses. Our consumer EEPROM also offer package choices, primarily small-footprint WLCSP.

NOR Flash. Our consumer NOR Flash memory chips focus on low-power SPI NOR from 512 Kb to 64 Mb. They deliver fast random reads for execute-in-place firmware, strong ESD and latch-up robustness, and extended nominal retention.

Commercially, our consumer memory chips are in mass production across smartphones, displays, connectivity modules, comprising a wide range of consumer electronics. Our consumer memory chips have gained adoption in wearables, handheld gimbals and AI-adjacent devices. We continue to enhance penetration of our consumer memory chips through new design wins in AI-enabled consumer electronics end-products and to grow share in established markets, such as LCD and AMOLED panels and connectivity modules, solidifying our position as a leading supplier of consumer-grade non-volatile memory chips.

The application scenarios of our memory chips for consumer electronics include, without limitation:

- *Smartphones and mobile imaging*. Our EEPROM memory chips sit inside camera modules to retain factory calibration, lens IDs, and production data that are read at power-on and during use to keep image quality stable over time. They are chosen for their high write endurance under frequent updates, long data retention, and reliable reads. Ultra-low-voltage options by our consumer memory chips help extend battery life in power-sensitive product designs of our customers. In the same camera assemblies, designers pair our EEPROM with our lens driver chips where needed.

- *Display systems*. Display systems rely on fast and consistent random reads for quick startup and smooth user interaction. They are often paired with small-density EEPROM to hold configuration and trim data that can be updated in the field while preserving long-term retention. This combination is widely used in smartphones, tablets, monitors, and TVs, and extends to embedded HMI displays in consumer and small-appliance products.

- *Connectivity and audio accessories*. In Bluetooth headsets and TWS earphones, Wi-Fi modules, smart speakers, and soundbars, our EEPROM stores pairing information, calibration constants, and production records that change over the device's life. Compact packages and low standby current are key selection factors, and we offer options that meet the size and energy limits of these consumer electronics end-products.

- *Wearables and AI glasses*. Our ultra-low-voltage EEPROM helps extend battery life and simplify power-rail design of wearables and AI glasses. These products require long data retention and predictable read behavior despite aggressive duty cycling, and our consumer memory chips are tuned for these needs. We are expanding SPI NOR densities to fit larger firmware while keeping power low.

- *Other consumer electronics and appliances*. Appliance control boards of many consumer electronics end-products use EEPROM for storing parameters, usage logs, and service data that must survive power loss and maintenance cycles. Our memory chip products are also used in computers and selected IoT devices that need persistent configuration and compact code storage, including printers, PC accessories, and home-automation nodes.

Lens driver chips

Lens driver chips are a type of mixed-signal chips. It combines analog and digital circuits to sense, drive, and control physical systems under digital control. We focus on lens driver chips used in camera modules to convert electrical energy into precise motion for small actuators. By combining precision current drive, control algorithms, sensing, and calibration, our lens driver chips deliver stable and repeatable positioning across open-loop, closed-loop, and optical image stabilization variants. We also work with our customers to integrate EEPROM in the same package with our lens driver chips to store calibration data and parameters, which simplifies module design of the end-products of our customers.

We have built this product line step by step and moved up the value chain. Our early- stage open-loop driver chips delivered fast autofocus in compact packages and helped establish our brand. Several series of our open-loop lens driver chips were included in municipal innovation catalogs in 2019 and 2023, underscoring our technology advantages in this product line. In 2023, we introduced a new generation of open-loop driver chips that features automatic interface-voltage adoptation between 1.2 V and 1.8 V, with self-adaptive capabilities to accommodate different voltage requirements of end-products. With this product type reaching mass production, our lens driver chips have received wide customer acceptance and recorded robust growth. In parallel, we advanced development of closed-loop and OIS driver chips by solving key challenges in closed-loop control, high-precision ADC design, and gyro-assisted stabilization algorithm. After passing platform validation, we have began deliveries of closed-loop and OIS driver chips to leading smartphone OEMs.

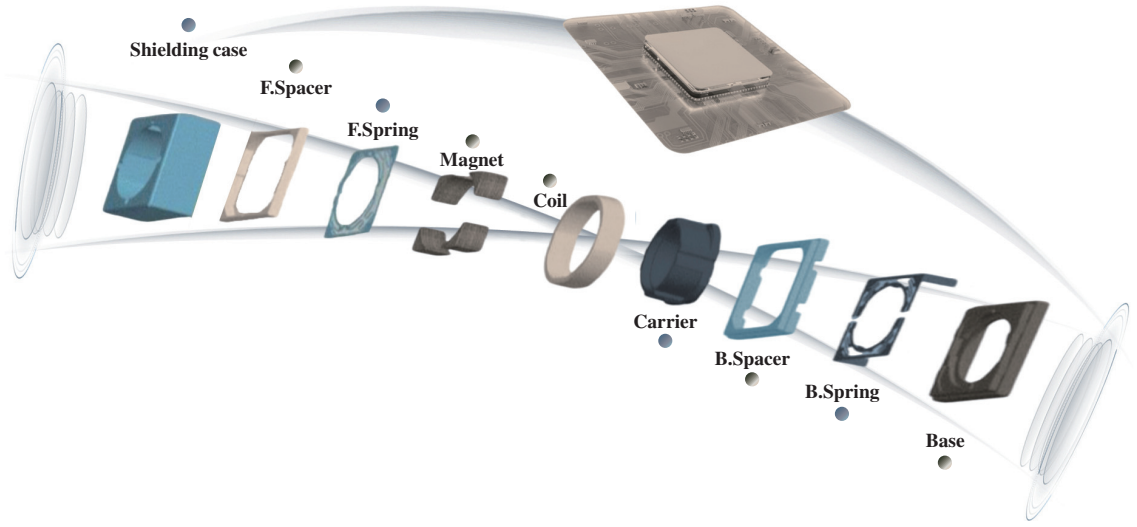
During 2024, we started producing additional variants of open-loop lens driver chips, including driver chip-plus-EEPROM combinations, and expanded validations and pilot shipments for closed-loop and OIS driver chips into mid- to high-end models. In 2025, we began shipping multiple OIS driver chips to major smartphone brands, showcasing our ability to develop and deliver lens driver chips in the highest value tier of this segment. We plan to focus on broadening the penetration of our OIS driver chips, compressing stabilization time even further, optimizing the gyro-assisted stabilization algorithm, and continuing to reduce chip size and power so the parts can fit thinner camera modules and higher-end periscope modules. We will also continue to extend driver chip-plus-memory integration to meaningfully lower module size and make calibration simpler.

Key features and application scenarios of lens driver chips

Our open-loop lens driver chips use damping-aware algorithms, lens-parameter self-detection, and offset-current self-calibration to achieve fast-settling control. They deliver quick autofocus, minimizing module size and allowing large motor tolerance. Certain types of our open-loop lens driver chips also enable automatic interface-voltage adoptation between 1.2 V and 1.8 V to accommodate different voltage requirements of end-products.

Our closed-loop drivers chips contain precise sensing and tighter control to improve accuracy and keep performance of the end-products, such as smartphones and cameras, steady across temperature and power changes. Our closed-loop driver chips are moving from customer testing into wider use. Our OIS driver chips together with gyro-assisted stabilization are now applied in mid- to high-end smartphones. We expect adoption of our lens driver chips to keep growing as premium camera modules make multi-axis stabilization standard.

We focus our lens driver chips on enabling fast lens stabilization that settles in a fraction of one actuator cycle and broader tolerance to actuator variation, such that our customers can source lenses from multiple suppliers. We also offer built-in memory options that integrate with our lens driver chips, such as EEPROM or on-chip NOR Flash, to store calibration and control parameters locally. We strive to enhance performance, stability, and energy efficiency of our lens driver chips while keeping their sizes small for thin camera stacks and other space-constrained modules. With the wider acceptance of lens-embedded mobile and connected consumer electronics end-products, we believe the penetration of our lens driver chips will continue to grow.



A pictorial illustration of the assembly structure of an actuator which a lens driver chip drives

The application scenarios include, without limitation:

- *Smartphones*. Our lens driver chips power autofocus and stabilization in rear and front camera modules, improving focus speed, stability, and image sharpness from mainstream to flagship phones. Our open-loop driver chips are used in high-volume autofocus channels where fast settling and low cost matter the most. They choose closed-loop driver chips for channels that require faster settling and higher-precision focus control. They adopt OIS drivers in mid- to high-end modules to reduce blur in photos and video caused by shaking. As multi-camera arrays spread and front cameras add autofocus, the number of lens per smartphone increases and therefore, the demand for our lens driver chips is expected to rise, too. We also offer driver chips-plus-EEPROM options to shrink module size and simplify parts count.

- *Handheld gimbal*. Lens driver chips provide precise attitude control and image stabilization functions. From entry-level smartphone gimbals to professional camera gimbals, they enhance footage smoothness, response speed, and shooting stability. Applications for consumer-grade lightweight gimbals prioritize low power consumption, quiet operation, and cost-effectiveness. With the growing popularity of short-form videos and video blogs, handheld gimbals require higher motor torque and response precision, which is expected to drive up the demand for lens driver chips.

- *Other compact imaging devices*. Manufacturers require the same control and stabilization of lens in video-conference terminals, access-control and intercom cameras, and scanner or imaging modules in retail and logistics settings. These end-products value fast settling, low noise, and stable long-term lens performance in tight, thermally constrained surroundings. We optimize our algorithms to achieve stabilization in less than one actuator cycle and maintain tolerance to driver frequency variation, enabling

compatibility with multiple lens driver chips with only minor adjustments to chip parameter settings. In tablets and consumer cameras, our closed-loop and OIS driver chips enable sharper images in low light and during motion for casual photography and content creation.

- *Wearables and smart-home imaging*. Space and power are especially limited in wearables and smart-home imaging devices. We emphasize small packages, low quiescent power, and driver chip-plus-memory integration to preserve space for optics while keeping autofocus fast and repeatable. We work with module makers to co-optimize the mechanical stack and control targets so focus and stabilization settle quickly within ultra-thin assemblies.

Other products

Beyond non-volatile memory chips and lens driver chips, we apply our non-volatile memory and mixed-signal expertise to identification and contactless communication. Our primary product in this category is the NFC chip.

NFC chips

Our NFC chips are built for broad interoperability and practical security. They follow the chip specifications made by the NFC Forum and common ISO/IEC proximity standards, so they work seamlessly with smartphones and mass-market IC readers. They combine a sensitive RF front end that saves energy and keeps the connectivity stable with an anti-collision mechanism, such that multiple e-tags can be read without interference. Embedded non-volatile memory of our NFC ships stores fixed identifiers and application data that our customers can update in the field for provisioning, feature enablement, and after-sales support, with safeguards such as password protection, lock bits, and optional authentication. Our NFC chips are tuned for low power so they read reliably at longer distances for a given antenna size, and they deliver consistent performance across manufacturing and environmental variation to ensure predictable behavior in large deployment. Across the portfolio we strive to reduce die area, improve RF sensitivity, streamline memory organization for faster reads and writes, and expand packaging options to simplify integration into space-constrained products and labels.

The application scenarios include, without limitation:

- *Electronic price tags*. Our NFC chips are integrated into electronic price tags, supporting rapid device initialization, battery-free E-ink refreshing, and interactive consumer marketing. Built-in memory stores SKU identifiers, configuration parameters, and dynamic promotional links, ensuring real-time retail data and traceability. Our NFC chips ensure fast and stable read or write performance, even in high-density environments.

- *Consumer electronics and smart-home devices*. Manufacturers embed our NFC chips to enable tap-to-pair and tap-to-configure experiences. An end-user brings a smartphone near a speaker, headset, TV, set-top box, or home-automation node to complete secure pairing, provision Wi-Fi credentials, or start a guided setup. The NFC chip embedded in the e-tag stores configuration data, device identifiers, and service links that persist without power and can be updated in subsequent installation or maintenance.

- *Major appliances and small household devices*. Our NFC chips streamline onboarding and after-sales service. Technicians and end-users can tap an appliance to retrieve model and serial numbers, installation parameters, diagnostics, and maintenance logs stored in the tag's memory. Because the tags are battery-free, they add little cost and provide support over the end-product's life.

- *Packaging, accessories, and brand engagement*. Our NFC chips support anti-counterfeit checks, interactive product information, dynamic price updates for electronic price tags and after-sales services. Our NFC chips store marketing data that remain accessible for the life of the end-product. We are working to optimize RF sensitivity for small antennas and challenging placements so tags can be integrated into labels, cartons, compact accessories and electronic price tags without hurting read reliability.

- *Light industrial and facility uses*. Customers deploy our NFC chips for asset identification, configuration handover, and maintenance records where short-range and intentional reads are preferred. Field personnel tap tools, fixtures, or installed equipment to retrieve or update configuration and service data in the chip's memory without powering the host system. Our NFC chips have strong data retention and comply with common standards. This makes them easy to use with commodity mobile devices or common IC readers.

OUR KEY OPERATING AND FINANCIAL DATA

We offer a broad range of products, spanning high, mid, and low-end segments, and including both standardized offerings and highly customized solutions. During the Track Record Period, the unit price of our products varied by application scenario: (i) memory module supporting chips ranged between less than RMB0.3 and RMB12.3; (ii) chips used for automotive electronic and industrial control ranged between less than RMB0.2 and RMB8.8, (iii) chips used for consumer electronics ranged between ranged between less than RMB0.1 and RMB3.9; (iv) lens driver chips ranged between less than RMB0.2 and RMB9.1; and (v) NFC chips ranged between less than RMB0.1 and RMB2.2. The price of each product varies based on a mix of factors, such as (i) the type of product sold; (ii) the industry vertical in which the product is applied; (iii) the number of products the customer orders; (iv) the prior established business relationship between the Company and the customer; (v) estimated spending budget of the customer; and (vi) overall market supply/demand and competitive landscape, and the resulting cyclical fluctuation in the semiconductor industry.

The following table sets forth a breakdown of our revenue among our three main business lines during the Track Record Period, both in amounts and as percentages of total revenue:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-volatile memory chips[(1)]	561,688	79.8	885,989	86.2	1,069,499	87.6	232,069	88.9	247,512	88.4
Lens driver chips	87,163	12.4	105,010	10.2	113,922	9.3	21,345	8.2	16,619	5.9
NFC chips and others[(2)]	54,626	7.8	37,278	3.6	37,863	3.1	7,652	2.9	15,863	5.7
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Notes:

(1) Comprising memory module supporting chips highlighted by SPD chips in DDR memory modules, high-reliability memory chips for automotive electronics and industrial control, and memory chips for consumer electronics.

(2) Other products mainly comprising PMICs and TS chips in 2023, and logic chips and TS chips in 2025 and the first quarter of 2026. TS chips included herein are not used in memory modules.

The table below sets forth the product shipping volume by number of chips per product line for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Shipping volume	Average selling price	Shipping volume	Average selling price	Shipping volume	Average selling price	Shipping volume	Average selling price	Shipping volume	Average selling price
		(RMB)		*(RMB)*		*(RMB)*		*(RMB)*		*(RMB)*
Non-volatile memory chips[(1)]	1,631,496,546	0.34	2,374,000,980	0.37	2,723,876,383	0.39	538,315,930	0.43	861,982,659	0.29
Lens driver chips	414,697,215	0.21	552,381,200	0.19	586,292,000	0.19	121,750,500	0.18	84,508,000	0.20
NFC chips and others[(2)]	385,641,444	0.14	386,359,130	0.10	474,335,962	0.08	91,415,507	0.08	134,162,313	0.12

Notes:

(1) Comprising memory module supporting chips highlighted by SPD chips in DDR memory modules, high-reliability memory chips for automotive electronics and industrial control, and memory chips for consumer electronics.

(2) Other products mainly PMICs and TS chips in 2023, and logic chips and TS chips in 2025 and the first quarter of 2026. TS chips included herein are not used in memory modules.

From 2023 to 2025, all three business lines recorded continuously increased shipping volume. Non-volatile memory chips achieved the strongest growth, primarily attributable to our expanded sales of SPD chips, automotive-grade memory chips and industrial-grade memory chips. The shipping volume of lens driver chips also increased significantly, mainly driven by recovering smartphone market demand. Shipping volume of NFC chips and other products remained relatively stable. Between the three months ended March 31, 2025 and 2026, the shipping volume of non-volatile memory chips as well as NFC chips and others products continued to show a robust increase, while the shipping volume of lens driver chips declined.

From 2023 to 2025, despite the pricing pressure we faced, the average selling price of our non-volatile memory chips continued improving. The increased average selling price of non-volatile memory chips was mainly attributable to a favorable product mix shift toward higher value-added applications. The average selling price of lens driver chips remained relatively stable during the period from 2023 to 2025. The average selling price of our NFC chips and other products slightly decreased, primarily due to weaker-than-expected recovery in smart card and related application markets and a less favorable product mix we offered during this period. Between the three months ended March 31, 2025 and 2026, average selling price of non-volatile memory chips recorded a slight decrease, primarily as a result of changes in product mix we sold in response to downstream market headwinds. Average selling price of lens driver chips showed a modest increase. Average selling price of NFC chips and other products rose, mainly due to increased contribution from higher-margin NFC chips as we expanded into new application scenarios.

We continuously strengthen our value chain competitiveness through long-term partnerships with foundries and OSAT providers. As we enhance our penetration in established markets and launch high-performance new products, our expanded sales and market position enhance our bargaining power with our suppliers.

The table below sets forth a breakdown of our revenue by application scenario for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-volatile memory chips	**561,687**	**79.8**	**885,990**	**86.2**	**1,069,499**	**87.6**	**232,069**	**88.9**	**247,512**	**88.4**
Memory module supporting chips[(1)]	193,033	27.4	385,643	37.5	477,698	39.1	110,980	42.5	79,730	28.5
Automotive electronics and industrial control	74,463	10.6	153,865	15.0	255,010	20.9	48,759	18.7	63,549	22.7
Consumer electronics	270,503	38.5	318,441	31.0	296,243	24.3	64,307	24.6	86,383	30.9
Others[(2)]	23,687	3.4	28,041	2.7	40,548	3.3	8,023	3.1	17,850	6.5
Lens driver chips	**87,163**	**12.4**	**105,010**	**10.2**	**113,922**	**9.3**	**21,345**	**8.2**	**16,619**	**5.9**
NFC chips and others[(3)]	**54,626**	**7.8**	**37,278**	**3.6**	**37,863**	**3.1**	**7,652**	**2.9**	**15,863**	**5.7**
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Notes:

(1) Mainly comprising SPD chips, VPD chips and TS chips.

(2) Representing general-purpose memory chips used across scenarios.

(3) Others mainly comprising PMICs and TS chips in 2023, and logic chips and TS chips in 2025 and the first quarter of 2026. TS chips included herein are not used in memory modules.

From 2023 to 2025, AI applications, the rising trend of intelligent transportation and domestic sourcing by automotive OEMs, and growing demand from industrial control applications supported our continued revenue growth across major downstream application scenarios. Between the three months ended March 31, 2025 and 2026, revenue derived from memory module supporting chips decreased primarily due to fluctuations in downstream markets resulting from tight supply and upward price pressure on packaged DRAM and NAND chips, while revenue derived from our other application scenarios recorded continued growth.

The table below sets forth a breakdown of our revenue by product type for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-volatile memory chips	**561,687**	**79.8**	**885,990**	**86.2**	**1,069,499**	**87.6**	**232,069**	**88.9**	**247,512**	**88.4**
SPD chips	193,033	27.4	385,506	37.5	475,987	39.0	110,108	42.2	78,924	28.2

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
VPD chips	–	–	136	0.0	1,125	0.1	816	0.3	–	–
TS chips	–	–	–	–	586	0.0	57	–	807	0.3
EEPROM	350,405	49.8	423,551	41.2	473,792	38.8	105,465	40.4	108,114	38.6
NOR Flash	18,249	2.6	76,796	7.5	118,009	9.7	15,623	6.0	59,667	21.3
Lens driver chips	**87,163**	**12.4**	**105,010**	**10.2**	**113,922**	**9.3**	**21,345**	**8.2**	**16,619**	**5.9**
NFC chips and others[(1)]	**54,626**	**7.8**	**37,278**	**3.6**	**37,863**	**3.1**	**7,652**	**2.9**	**15,863**	**5.7**
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Notes:

(1) Others mainly comprising PMICs and TS chips in 2023, and logic chips and TS chips in 2025 and the first quarter of 2026. TS chips included herein are not used in memory modules.

From 2023 to 2025, revenue derived from SPD chips increased markedly, mainly as a result of rapid DDR5 penetration and our timely roll-out of DDR5-compliant SPDs. In the first quarter of 2026, revenue derived from SPD chips saw a decrease, primarily due to fluctuations in downstream markets resulting from tight supply and upward price pressure on packaged DRAM and NAND chips. Revenue derived from EEPROM steadily increased from 2023 to 2025 and in the first quarter of 2026 compared to the same period in 2025, mainly driven by increased demand from automotive and industrial control applications. Revenue derived from NOR Flash increased notably from 2023 to 2025, mainly driven by demand from automotive and industrial control applications, and continued the increase in the first quarter of 2026 compared to the same period in 2025, mainly attributable to our growing market shares in the consumer electronic sector, and meaningful orders we secured from leading international automotive brands.

Revenue from our lens driver chips continued to grow from 2023 to 2025, primarily driven by deeper penetration of our products in premium smartphones while the revenue saw a decrease in the first quarter of 2026 compared to the same period in 2025, as the overall smartphone market faced pressure. Revenue from NFC chips slightly decreased from 2023 to 2024, remained relatively stable 2025 and showed a robust increase in the first quarter of 2026, primarily driven by new application scenarios we expanded into which demanded higher-margin NFC chip products.

The following table sets forth a breakdown of our revenue by sales channel for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Direct sales	220,064	31.3	473,394	46.0	593,772	48.6	140,753	53.9	111,303	39.8
Distribution	483,413	68.7	554,883	54.0	627,512	51.4	120,313	46.1	168,691	60.2
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

We recorded a continued increase in revenue from both sales channels from 2023 to 2025, primarily driven by the strong growth of our non-volatile memory chips, in particular, SPD chips, automotive-grade memory chips and industrial-grade memory chips. Our direct sales revenue decreased in the three months ended March 31, 2026 compared to the same period in 2025, primarily due to lower sales of SPD chips, which were mainly sold through direct sales. Our distribution revenue increased over the same period, primarily due to higher sales of automotive-grade chips, industrial-grade memory chips and NFC chips, which were mainly sold through distributors.

The table below sets forth a breakdown of our revenue by region for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Chinese Mainland[(1)]	379,027	53.9	468,877	45.6	567,605	46.5	107,988	41.4	151,716	54.2
Macau, Hong Kong and Taiwan[(1)]	260,674	37.1	465,170	45.2	579,046	47.4	132,849	50.9	110,582	39.5
South Korea[(1)]	40,486	5.8	66,655	6.5	48,362	4.0	14,359	5.5	9,390	3.4
Other countries/regions[(1)(2)]	23,290	3.2	27,575	2.7	26,271	2.1	5,870	2.2	8,306	3.0
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Notes:

(1) The revenues we report by geography are based on locations where the customers are incorporated.

(2) Comprising Vietnam, United States, Singapore, Germany, Japan, Thailand, Israel, Philippines and Indonesia.

From 2023 to 2025, most regions achieved continued revenue growth. During this period, revenue derived from Macau, Hong Kong and Taiwan increased at a faster pace, mainly due to strong demand from major customers in the region and our successful market penetration in high-growth AI, automotive and industrial control applications. In the three months ended March 31, 2026, compared to the same period in 2025, revenue derived from Chinese Mainland maintained its growth momentum, while revenue derived from Macau, Hong Kong and Taiwan declined as delivery of SPD chips dropped during the period.

OUR TECHNOLOGY

Our technology platform is built on non-volatile memory technology, integrated with (i) advanced mixed-signal circuit design that processes both real-world analog signals and digital data, (ii) cross-fabrication process collaboration that involves integrating diverse, multi-disciplinary teams—such as design, engineering, and manufacturing—from day one to break down functional silos, and (iii) rigorous device-level qualification capabilities to ensure a specific, complete product complies with mandatory safety, security, and technical industry standards before market release. We apply these capabilities across non-volatile memory chips — SPD chips for DDR modules, EEPROM and NOR Flash, and lens driver chips, as well as NFC chips. The focus of our technology development is long-term data integrity, low power, compact die size and robust operation over extended temperature ranges.

Core non-volatile memory chips design and process platforms

Our non-volatile memory technology targets high endurance, long retention, low supply voltage, and compact arrays that employ highly efficient, contiguous memory structures. We have developed circuit and array techniques that raise write-cycle capability, reduce leakage and charge loss, and stabilize program/erase behavior. In EEPROM, we maintain full-range I^2C/SPI/Microwire interfaces from approximately 1 Kb through 4 Mb, with ultra-low-voltage options suited to power-sensitive mobile and wearable designs.

Set forth below is a summary of selected non-volatile memory technologies (applicable to EEPROM and NOR Flash) and representative parameters as disclosed.

Technology area	Specific technique/feature	Representative parameter/value	Benefit/impact	Status/IP coverage
Charge handling and reliability	High-efficiency charge pumps, program/erase slope control, online error correction	Stable P/E behavior, improved data integrity (qualitative)	Higher endurance and lower error rate during frequent updates	In production, covered by internal know-how and patents
Array/die efficiency	Compact decoder architectures, Y-decoder R/W multiplexing, "no byte-select transistor" layouts	Smaller die at given density (qualitative)	Lower cost per bit, smaller packages	In production
Low-voltage operation	Ultra-low-voltage non-volatile memory operation, I^2C interface voltage auto-recognition	Selected EEPROM operate at 1.2 V, auto-recognition for 1.2/1.8 V	Extends battery life, simplifies system design	In production (1.2 V smartphone EEPROM)
Endurance and retention (EEPROM)	Array/cell lifetime tuning	Up to multi-million write cycles, long retention at room temperature (selected devices)	Frequent small updates without data loss	In production

SPD chip technologies

DDR5 modules require an SPD chip on each DIMM. Our DDR5 SPD integrates three functional blocks: an EEPROM that stores module identity and configuration, an I^2C/I^3C hub that mediates Sideband Bus among on-module components, and a high-precision temperature sensor located at the SPD site.

Set forth below is a summary of the key technology differentiators of our SPD chips in DDR modules.

Function block	Interface and capacity	Representative parameter/value	Role on module	Benefit/impact	Status
EEPROM	I^2C/I^3C, 8 Kb	Non-volatile memory of module data	Module identity/ configuration for system bring-up	Reliable initialization, standards compliance	In mass production

Function block	Interface and capacity	Representative parameter/value	Role on module	Benefit/impact	Status
I^2C/I^3C hub	I^2C/I^3C	Compliant with the JEDEC-defined I^2C/I^3C management channel on DDR5 DIMMs	Mediates low-speed communications among managed devices	Simplifies system control topology	In mass production
Temperature sensing	I^2C/I^3C	High-precision sensing over a wide temperature range, JEDEC DDR5 module compliant	Local temperature telemetry at SPD location	Supports thermal management and derating	In mass production

Lens driver control and precision analog

Our lens driver technology spans open-loop, closed-loop and OIS. Open-loop driver chips provide fast, precise current control for autofocus without feedback. Closed-loop driver chips add high-precision sensing and control to refine lens positioning in real time. OIS devices integrate gyroscope-based stabilization and close loop control algorithms to counteract blur caused by shaking.

Set forth below is a summary of our selected lens control and analog technologies.

Control/analog block	Specific technique/feature	Representative parameter/value	Applied products	Benefit/impact	Status
Current drive and settling	Fast stabilization algorithms, damping-aware control	Rapid lens settling, low position error (qualitative)	Open-loop, closed-loop, OIS	Faster autofocus, reduced blur	In mass production (open-loop), validated/ramping (closed-loop), shipping (OIS)
Calibration and tolerance handling	Lens-parameter self-detection, offset-current self-calibration	Automatic parameter adaptation (qualitative)	Open-loop, Closed-loop, OIS	Consistent performance across actuator tolerances/temperature	In production (selected models)
Precision sensing and controlling	High-resolution ADCs and low noise PGA for position feedback	High-precision conversion (qualitative)	Closed-loop, OIS	Accurate and quick lens positioning	In production/validation
OIS control	Gyroscope-based stabilization	Integrated gyro input and control (qualitative)	OIS driver chips	Motion compensation during capture	Commercial shipments since 2025

RESEARCH AND DEVELOPMENT

As of March 31, 2026, we had a total of 196 full time employees engaged in research and development. In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, RMB207.8 million and RMB66.7 million, respectively.

Our research and development programs focus on the development of our core non-volatile memory and mixed-signal technologies. Our R&D teams cover circuit design, analog and mixed-signal, firmware and algorithms, product engineering, reliability, and applications support.

Our first priority in our R&D efforts is to solidify our position in SPD chips in DDR5 modules. Our DDR5 SPD combines EEPROM, an I^2C/I^3C hub, and a temperature sensor, and we also supply stand-alone temperature sensors used on many server DIMMs. We continue to apply our SPD chips to more form factors for computer memory modules, distinguished primarily by their physical size and application, such as UDIMM, SODIMM, CAMM/CAMM2, LPCAMM/LPCAMM2, SOCAMM/SOCAMM2, RDIMM, LRDIMM, and MRDIMM.

For EEPROM, we are developing smaller-die, higher-reliability devices for industrial and automotive use, with automotive-grade series spanning A1-A2. For NOR Flash, we focus on low-power parts at low to mid densities. Our NOR Flash from 512 Kb to 32 Mb are in mass production, 64 Mb and 128 Mb parts have taped out, and higher densities are under development. Selected low-density devices have achieved program/erase cycles of 100,000 and retention over a 20-year period at room temperature, and portions of the 512 Kb-16 Mb series have completed AEC-Q100 validation.

In addition, we are moving our lens driver portfolio into higher-value segments. We continue to improve our open-loop driver chips used in high-volume camera modules. We have progressed through validation and into deployments our closed-loop driver chips integrated with high-precision sensing. In 2025, multiple OIS driver chips began commercial shipments on mid- to high-end smartphones.

Furthermore, we continually upgrade our NFC products. We are reducing die area, improving read/write speed and RF sensitivity, and expanding toward higher-value CPU cards and a broader range of RFID/NFC offerings, such as public transport, access control and identity, campus cards, smart metering, electronic price tag, new retail and supply-chain management, while maintaining compliance with ISO/IEC 14443 and 15693 and support for standard cryptographic algorithms.

Notably, in 2023, we began developing a VPD chip for new-generation enterprise SSDs and CXL memory modules to extend our module-management know-how beyond DRAM modules. As of the Latest Practicable Date, the VPD chips had passed testing and qualification by target customers and will be incorporated into their module samples for distribution to end customers for further testing and validation.

The table below sets forth our major research and development projects and their status.

Product	Current Development Status	R&D Focus/Key Highlights	Target Applications	Expected Commercialization Timeline
Memory module supporting chips (SPD chips, VPD chips and TS) .	Certain specifications have completed tape-out and are under respin optimization.	Strict adherence to industry standards; high reliability; high measurement accuracy across a wide temperature range.	Memory modules in servers and PCs.	2026
Industrial-grade EEPROM chips	Certain specifications are in mass production; others have completed respin and are under product testing; some have completed tape-out and are in engineering sample testing.	Smaller memory cell design covering multiple densities to lower design and production cost; further enhancements to functionality and reliability.	Consumer electronics including smartphones, tablets and IoT; industrial control, communications and medical instruments.	2026-2027

Product	Current Development Status	R&D Focus/Key Highlights	Target Applications	Expected Commercialization Timeline
Automotive-grade EEPROM . . .	Certain specifications have completed tape-out and are in engineering sample testing; others remain at circuit design stage.	Multiple capacities; selected parts designed to comply with ISO 26262 functional safety; operating temperature up to 125°C; higher storage density (up to 2× mainstream).	Automotive electronics; space-constrained mobile devices or industrial control.	2027-2028
NOR Flash . . .	Certain specifications are in mass production; others have completed respin and are under product testing; some have completed tape-out and are in engineering sample testing; additional specifications are at tape-out or circuit design stage.	Low-to-mid density coverage; enhanced reliability and temperature tolerance; up to 200k program/erase cycles; data retention up to 50 years; -40°C to 125°C operating range; improved power, data rate, ESD and latch-up performance versus peers.	Consumer electronics and automotive; harsh-environment industrial control; IoT use cases requiring low latency and low power.	2026-2029
Lens driver chips	Certain specifications are in mass production or being introduced into mass production; others have completed tape-out and are in engineering sample testing; additional specifications remain at circuit design stage.	Multiple specifications, including a new-generation open-loop driver compatible with 1.2 V/1.8 V; closed-loop and OIS drivers; optional integration of EEPROM or high-capacity Flash; improved drive capability, precision and settling time.	Smartphones, tablets, security surveillance devices, handheld gimbals and other imaging products.	2026-2027
NFC chips and others	Certain specifications are in mass production; others have completed customer validation and are under respin optimization; some are at tape-out or circuit design stage.	Multiple NFC and logic chips; NFC compliant with NFC Forum specifications and supporting ISO/IEC protocols; improved reliability with optimized die size and power; enhanced RF sensitivity for better read distance.	Electronic shelf labels; consumer electronics and smart-home devices; large and small appliances; packaging accessories and brand interaction; light-industry and facility scenarios; logic devices for consumer electronics.	2026

MANUFACTURING AND QUALITY ASSURANCE

We are a fabless company. We outsource wafer fabrication to foundries and high-volume assembly and final electrical testing to OSAT partners. At the same time, we keep the critical quality and test responsibilities in-house. This model enables us to scale production with trusted partners while we control how products are validated, screened and released to customers.

Consistent with this model and our sales channels, we deliver to distributors or directly to module manufacturers and end-product brand owners, and our automotive-grade chips have been qualified by multiple global Tier-1 suppliers for deployment in leading automaker platforms and other end-systems. Our quality management and release processes are designed to meet the specific requirements of these automotive end-product and related manufacturers, including third-party reliability qualifications for automotive programs.

We maintain an internal product testing unit that leads engineering validation and pilot-run inspections before any product enters mass production. Using early wafers, we test and evaluate device performance, reliability and margins against our specifications. Before ramp, we run strict pilot lots and only proceed when results meet our release criteria. For mass production, we develop, validate and own the probe and final-test programs and any additional outgoing screen program.

We plan and execute device qualifications aligned with applicable industry practices, and, for automotive-grade parts, we support third-party AEC-Q100 validations. Where reliability data or field experience indicates a potential failure mode, we add targeted test items to intercept that mode before shipment. We also lead failure analysis and corrective actions together with suppliers and customers, feeding the findings back into design rules, process windows and screening content to prevent recurrence. These measures — engineering validation, pilot-run inspection, test-program confirmation, enhanced outgoing screening and disciplined release — are the core of the quality checking that we perform ourselves, even though manufacturing is outsourced.

As of the Latest Practicable Date, we have the following qualifications:

Category	Scope/status
ISO 9001	Certified quality management system covering design and related processes
IATF 16949	Certified automotive quality management system, applied to automotive device supply
ISO 14001	Certified environmental management system
AEC-Q100	Selected devices validated (e.g., EEPROM A1-A2 grades, portions of 512 Kb-16 Mb NOR)
ISO 26262	Design practices referenced for targeted automotive-grade EEPROM specifications

INVENTORY MANAGEMENT

We regularly monitor inventory quantities on hand and record provisions for excess and obsolete inventories based primarily on historical usage rates and our forecast of future demand for our products. In setting our inventory turnover targets, we also consider the public-relations environment, political developments, macroeconomic trends, and end-market conditions. We attempt to control our inventory levels so that we do not hold inventories in excess of demand at the end of each fiscal quarter.

Our inventory turnover days were 252 days, 226 days, 238 days and 241 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. To improve our inventory efficiency, we have adopted a unified warehousing and distribution system and continuously enhance inventory turnover. We have developed strong capabilities in regard to order execution,

supply chain management and efficient delivery. We run an integrated sales and operations planning process that aligns sales and manufacturing through rolling forecasts and clear rules for converting demand into firm production and purchasing plans.

We have adopted business-to-business electronic data exchanges that enables us to manage our inventory and facilitate our order requests to our suppliers. Our suppliers are provided with improved demand planning through analyzes of transaction activities, which allows us to make reasonable forecasts and maintain efficient manufacturing or procurement processes. With the collaborative planning, forecasting and replenishment model, visualization of orders, and other features, we can improve the execution and delivery efficiency of product orders at a much lower cost, better positioning us to maintain an optimal inventory level to satisfy market demand in a timely manner.

SUPPLY CHAIN MANAGEMENT

We established a structured supply chain management system covering supplier onboarding, approval, and other processes, and we strive to continuously refine the system. At the stage of supplier onboarding, we conduct preliminary examination of suppliers. Thereafter, new suppliers are also required to go through quality system survey, on-site audit and sign the quality agreement. They are included in our list of qualified suppliers after the review and approval by the production management department, quality department and other departments.

We have developed and continue to optimize our supplier quality management procedures. We conduct audits of suppliers at fixed frequencies and take supplier management actions such as regular evaluations and quarterly quality meetings to continuously improve the quality management level of suppliers. We conduct quarterly evaluations for qualified suppliers on quality assurance, process and technology, production capacity, lead time and services, price, environmental protection, etc. In addition, we formulate an annual audit plan every year and conduct in-depth onsite audits of suppliers. Suppliers who did not receive satisfactory results in the audit are required to develop an improvement plan based on the audit results and implement it within the given time frame. Additionally, we also dispatch staff to conduct on-site inspections, supervising suppliers' production processes, quality control systems, and environmental protection measures. All records of supply audits and matters for rectification are entered into a supply management system and will be followed up until they are closed, forming a closed-loop management, to ensure the efficient and stable operation of our supply chain.

OUR CUSTOMERS

During the Track Record Period, our primary customers include leading domestic and international module manufacturers and end-product brand owners, as well as companies that principally engage in distribution and sales of electronic components, semiconductors, and modular circuits. Our demonstrated track record of technological leadership, design innovation, product performance, cost-effectiveness, and on-time deliveries have resulted in our leadership position in providing memory chip products and solutions. We believe our strong relationship with our module manufacturers and end-product brand owners customers, many of which are also currently developing solutions which are focused on several of our target markets, will continue to position us as a source of supply for their product offerings. In line with market practice, we use distributors to facilitate sales of our products.

Both the module manufacturers and end-product brand owners, as well as their partners may communicate their design requirements and technical specifications, negotiate prices, and make the overall decision regarding the use of our semiconductor solutions in their products. Our customers place orders with us for the purchase of our products, take title to the products purchased upon acceptance. The majority of these customers do not have return rights except for warranty provisions.

The following table sets forth the background information of our five largest customers in each year/period during the Track Record Period.

Customer	Revenue	Percentage of total revenue	Major products/ services purchased from us	Year of commencement of business relationship	Credit period
	(RMB in thousands)				
For the three months ended March 31, 2026					
1. Customer A[(1)]	74,793.1	26.7%	Memory module supporting chips	2018	30 days
2. Customer B[(2)]	16,314.0	5.8%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/Lens driver chips/NFC chips	2023	45 days
3. Customer C[(3)]	11,479.5	4.1%	High-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/Lens driver chips/NFC chips	2021	60 days
4. Customer D[(4)]	10,897.6	3.9%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/NFC chips	2017	30 days
5. Customer E[(5)]	8,755.7	3.1%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics	2023	45 days
Total	**122,239.9**	**43.6%**			

Customer	Revenue	Percentage of total revenue	Major products/ services purchased from us	Year of commencement of business relationship	Credit period
	(RMB in thousands)				
For the year ended December 31, 2025					
1. Customer A[(1)]	453,946.8	37.2%	Memory module supporting chips	2018	30 days
2. Customer F[(6)]	81,079.8	6.6%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/Lens driver chips/NFC chips	2020	60 days
3. Customer B[(2)]	54,279.6	4.4%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/Lens driver chips/NFC chips	2023	45 days
4. Customer G[(7)]	53,376.7	4.4%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control	2022	60 days
5. Customer E[(5)]	35,734.8	2.9%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics	2023	45 days
Total	**678,417.7**	**55.5%**			

Customer	Revenue	Percentage of total revenue	Major products/ services purchased from us	Year of commencement of business relationship	Credit period
	(RMB in thousands)				
For the year ended December 31, 2024					
1. Customer A[1]	353,697.7	34.4%	Memory module supporting chips	2018	30 days
2. Customer F[6]	121,544.1	11.8%	High-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/ Lens driver chips/NFC chips	2020	60 days
3. Customer B[2]	54,701.5	5.3%	Memory module supporting chips, high-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/Lens driver chips	2023	45 days
4. Customer H[8]	32,515.2	3.2%	Memory chips for consumer electronics/NFC chips	2018	60 days
5. Customer I[9]	28,761.6	2.8%	High-reliability memory chips for automotive electronics, memory chips for consumer electronics/ Lens driver chips	2021	60 days
Total	**591,220.1**	**57.5%**			
For the year ended December 31, 2023					
1. Customer A[1]	161,356.0	22.9%	Memory module supporting chips	2018	30 days
2. Customer F[6]	132,792.8	18.9%	High-reliability memory chips for automotive electronics and industrial control, memory chips for consumer electronics/ Lens driver chips	2020	60 days
3. Customer B[2]	47,448.5	6.7%	High-reliability memory chips for automotive electronics, memory chips for consumer electronics/ Lens driver chips/NFC chips	2023	45 days
4. Customer I[9]	34,380.0	4.9%	High-reliability memory chips for automotive electronics memory chips for consumer electronics/ Lens driver chips	2021	60 days
5. Customer H[8]	30,318.9	4.3%	NFC chips	2018	60 days
Total	**406,296.2**	**57.7%**			

Notes:

(1) Customer A is a global-leading data processing and interconnect IC design company based in Macao. Customer A is a direct sales customer.

(2) Customer B is a PRC-based company mainly focusing on electronic solution design and sales of related electronic products and computer software. Customer B is a distributor.

(3) Customer C is a PRC-based company focused on the sales of, and technical services relating to, electronic components and integrated circuits. Customer C is a distributor.

(4) Customer D is a Hong Kong-based company focused on the distribution of electronic components and the provision of integrated solutions. Customer D is a distributor.

(5) Customer E is a PRC-based company, mainly engaging in the sales of communication and electronic products and related goods. Customer E is a distributor.

(6) Customer F is a PRC-based company that is an authorized seller of memory-chip products for world-renowned semiconductor chip companies in Greater China. Customer F is a distributor.

(7) Customer G is a leading PRC-based company that engages primarily in automobiles, electronics and new energy, and is listed on both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. Customer G is a direct sales customer.

(8) Customer H is a PRC-based company engaged in sales of computer software and hardware, and the design and development of IC chips. Customer H is a distributor.

(9) Customer I is a PRC-based company that primarily engages in the manufacturing of computers, communications and other electronic equipment. Customer I is a distributor.

Our top five customers in each year/period during the Track Record Period accounted for 57.7%, 57.5%, 55.5% and 43.6% of our total revenue in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. We served a broad range of customers during the Track Record Period, many of which were leading global companies in memory modules, automotive electronics, industrial control and consumer electronics. We also engaged distributors in selling our products. During the Track Record Period, we maintained stable business relationships with our major customers.

We have entered into an exclusive cooperation arrangement with Customer A, our single largest customer in each year/period during the Track Record Period. Under this arrangement, both parties co-develop the new generation of memory modules, and Customer A is responsible for the sale of such co-developed products to end customers. As a result, our revenue attributable to our single largest customer in each year/period during the Track Record Period was RMB161.4 million, RMB353.7 million, RMB453.9 million and RMB74.8 million, in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 22.9%, 34.4%, 37.2% and 26.7% of our revenue in the respective years/period. Such revenue was ultimately derived from a broad end customer base served by Customer A, including both top-tier players and a variety of other participants across the downstream market. Given the mutually exclusive nature of our cooperation, the forefront positioning of our co-developed product and the diversity of the end customer base, we believe our collaboration with Customer A is sustainable and the associated customer concentration risk is limited.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors and senior management, there were no potential material product returns as of the Latest Practicable Date.

All of our top five customers in each year/period during the Track Record Period settled payments directly with us. To the best knowledge of our Company, all of our top five customers in each year/period during the Track Record Period were independent third parties. As advised by our

PRC Legal Advisors, none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date has any interest in any of our five largest customers in each year/period during the Track Record Period.

OUR SUPPLIERS

We utilize a fabless business model. Our suppliers are primarily third party foundries and packaging and testing service providers. Costs paid to our suppliers primarily include costs of procuring raw materials, such as wafers, and costs of obtaining packaging and testing services.

Our suppliers primarily comprise third-party wafer foundries and outsourced semiconductor assembly and test (OSAT) companies. We engaged 4 wafer foundries and 33 OSATs during the Track Record Period and up to the Latest Practicable Date. Purchase from our top five suppliers in each year/period during the Track Record Period accounted for 90.1%, 91.3%, 85.0% and 81.9% of our total purchase in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Our raw materials are mainly wafers and packaging and testing materials. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period and up to the Latest Practicable Date, there have been no quality issues with our raw materials that significantly impacted our operations.

To mitigate supplier concentration risk, we have developed relationships with alternative wafer foundries as backup suppliers, and have been exploring overseas foundry partnerships in Korea and Singapore as contingency arrangements. We have maintained long-term and stable relationships with our major foundry partners dating back to 2009, generally under framework agreements with initial terms of three to five years subject to annual renewal, and we did not experience any supply disruption or material adverse change in such relationships during the Track Record Period and up to the Latest Practicable Date. We consider the likelihood that our relationships with major foundry partners will be subject to material adverse changes or termination to be low. According to Frost & Sullivan, it is common industry practice for fabless IC design companies to rely on a limited number of foundry partners for deeper technical collaboration, pricing advantages and supply stability, and an adequate number of alternative suppliers capable of providing products of comparable quality, capacity and commercial terms are available in the market.

The following table sets forth the background information of our five largest suppliers in each year/period during the Track Record Period.

Supplier	Procurement amount	Percentage of total procurement	Major products/ services provided to us	Year of commencement of business relationship	Credit period
	(RMB in thousands)				
For the three months ended March 31, 2026					
1. Supplier A[(1)]	54,885.1	34.8%	Wafer foundry	2009	30 days
2. Supplier B[(2)]	26,894.3	17.0%	Wafer	2025	30 days
3. Supplier C[(3)]	22,812.5	14.4%	Wafer foundry	2021	0 days
4. Supplier D[(4)]	14,899.2	9.4%	Packaging and Testing Contract Manufacturing	2009	45 days
5. Supplier E[(5)]	9,916.7	6.3%	Packaging and Testing Contract Manufacturing	2009	60 days
Total	**129,407.8**	**81.9%**			

Supplier	Procurement amount	Percentage of total procurement	Major products/ services provided to us	Year of commencement of business relationship	Credit period
	(RMB in thousands)				
For the year ended December 31, 2025					
1. Supplier A[(1)]	254,376.7	43.8%	Wafer foundry	2009	30 days
2. Supplier C[(3)]	84,410.9	14.5%	Wafer foundry	2021	0 days
3. Supplier D[(4)]	60,857.3	10.5%	Packaging and Testing Contract Manufacturing	2009	45 days
4. Supplier E[(5)]	53,386.6	9.2%	Packaging and Testing Contract Manufacturing	2009	60 days
5. Supplier F[(6)]	40,784.7	7.0%	Packaging and Testing Contract Manufacturing	2015	60 days
Total	**493,816.2**	**85.0%**			
For the year ended December 31, 2024					
1. Supplier A[(1)]	270,654.2	46.4%	Wafer foundry	2009	30 days
2. Supplier C[(3)]	144,830.5	24.8%	Wafer foundry	2021	0 days
3. Supplier E[(5)]	60,177.4	10.3%	Packaging and Testing Contract Manufacturing	2009	60 days
4. Supplier D[(4)]	30,208.2	5.2%	Packaging and Testing Contract Manufacturing	2009	45 days
5. Supplier F[(6)]	26,883.6	4.6%	Packaging and Testing Contract Manufacturing	2015	60 days
Total	**532,753.9**	**91.3%**			
For the year ended December 31, 2023					
1. Supplier A[(1)]	211,414.2	53.9%	Wafer foundry	2009	30 days
2. Supplier E[(5)]	54,284.4	13.9%	Packaging and Testing Contract Manufacturing	2009	60 days
3. Supplier C[(3)]	40,888.4	10.4%	Wafer foundry	2021	0 days
4. Supplier G[(7)]	23,447.6	6.0%	Packaging and Testing Contract Manufacturing	2011	30 days
5. Supplier D[(4)]	22,961.8	5.9%	Packaging and Testing Contract Manufacturing	2009	45 days
Total	**352,996.4**	**90.1%**			

Notes:

(1) Supplier A is a PRC-based company that engages in the R&D and production of IC-related electronic products. Supplier A is dual-listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

(2) Supplier B is a memory IC design company based in Taiwan. It is listed on the Taiwan Stock Exchange.

(3) Supplier C is a wholly-owned subsidiary of a company dual-listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, where it engages in the R&D and production of IC-related electronic products.

(4) Supplier D is a PRC-based company involved in the production of high-density printed circuit boards, optoelectronic devices and other IC components. It is also involved in the packaging and testing of semiconductor IC components, and the design and development of packaging types.

(5) Supplier E is based in the PRC and mainly engages in development and production of semiconductor chips and related packaging and testing products.

(6) Supplier F is a PRC-based company listed on the Shenzhen Stock Exchange, and is mainly involved in IC and MEMS sensor packaging and testing.

(7) Supplier G is a packaging and testing service provider based in the PRC, and is one of the first companies to adopt IC front-end chip manufacturing systems and standards to serve global customers.

As of the Latest Practicable Date, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest suppliers in each year/period during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year/period during the Track Record Period was an Independent Third Party.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers. None of our five largest customers in each year/period during the Track Record Period was a supplier in each year/period during the Track Record Period and none of our five largest supplier in each year/period during the Track Record Period was also a customer of us in each year/period during the Track Record Period.

Key terms of our agreements with foundry partners

We generally enter into framework agreements with our major foundry partners, with the actual price and volume specified in individual purchase orders. During the Track Record Period, we did not enter into any exclusive supply agreements with our suppliers. The terms of these agreements vary depending on the specific product or project and may be affected by multiple factors, including but not limited to the available capacity of the foundry partner. But these agreements generally contain the following terms:

Key Terms	Description
Duration	Initially three to five years, subject to annual renewal
Principal rights and obligations of parties involved	We provide product parameters, technical specifications, production process requirements, and other product requirements to foundry partners. Our foundry partners fabricate wafer products according to our requirements. We provide wafer products and technical specifications to packaging and testing service providers who provide packaging and testing services in accordance with our requirements.
Production Volume	We typically decide production volume in any given period on a purchase order basis. The foundries will supply products to us in that period in a specific quantity and at a specific price as set forth in a particular purchase order. We also have monthly rolling plans with our suppliers. When there is an increased demand for production capacity, the supplier will adjust the production capacity, raw materials, equipment and personnel allocation accordingly.
Payment and credit term	Credit terms and payment methods shall be outlined in the purchase orders. We are granted certain credit terms, ranging between 30 and 60 days, by our major suppliers.
Minimum purchase requirement	None.

Key Terms	Description
Logistics	Third party logistic service providers are engaged to deliver materials between our manufacturer, testing and packaging service providers to the locations and at the times agreed upon between our supplier and us.
Product returns	We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
Termination	The framework procurement agreement typically terminates upon the expiration of the agreed term and may also be terminated early (i) upon mutual consent of both parties, (ii) in the event of a force majeure, and (iii) by the non-defaulting party in the event of a material breach.

SALES NETWORK OF OUR PRODUCTS

Distributorship

In line with market practice, we use distributors to facilitate sales of our products. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, 51.4% and 60.2% of our revenues in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. All of our distributors are corporate entities. They assist us in providing customer support with daily communications, basic technical support and customer relationship management. While the overall distributor arrangement is consistent across the three product lines, the specific sales arrangements under each vary slightly, in order to better align with market dynamics and customer needs. There are no specific qualification requirements for distributors in the industry. We select distributors primarily based on their customer resources and track record. As part of our due diligence, we review their business registration documents, selected financial information and distribution plans. Distributors are required to inform us if they have appointed any sub-distributor. We do not have any contractual or operational relationship with such sub-distributors. Based on the information reported to us, such sub-distributors are corporate entities and are mostly system integrators.

The table below sets forth the total number of our distributors that generated revenue for us in each year/period indicated and their movement during the Track Record Period.

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Number of distributors at the beginning of the period	80	93	108	114
Number of new distributors	15	23	17	4
Number of terminated distributors[(1)]	2	8	11	8
Number of distributors at the end of the period	93	108	114	110

Note:

(1) Representing number of distributors that generated revenue for us in the preceding year but did not generate revenue for us in the current year/period.

In 2023, 2024, 2025 and the three months ended March 31, 2026, 41, 44, 46 and 46 overseas distributors generated revenue for us, respectively, with coverage spanning Asia, North America and Europe. Our overseas distributors are leading semiconductor distributors in their local markets with established customer networks and technical support capabilities.

The increase in terminated distributors was mainly due to inactive accounts where no orders were placed during the year/period. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with the terminated distributors.

We provide suggested selling prices to our distributors, but do not restrict their autonomy in determining the final selling price. There is typically no minimum purchase amount requirements. Some of the distribution agreements we enter into include arrangements for price adjustment mechanism, which is determined based on a mix of factors, such as (i) the number of products the distributor orders, and (ii) the prior established business relationship between the Company and the distributor. Our price adjustment mechanism is intended to provide flexibility to distributors, without restricting their discretion in determining their final selling prices. In general, as order quantities increase, the average selling price per unit may be adjusted downward to reflect volume-based efficiencies and to maintain our competitive positioning in the market. During periods of increased market demand, we may offer more competitive per-unit pricing through our distributor channels to facilitate market penetration, while our overall pricing flexibility remains intact as we retain the ability to optimize pricing across our various sales channels and customer segments. While lower average selling price through distributor channels may result in downward pressure on our pricing, the corresponding increase in sales volumes is expected to generate economies of scale in production and distribution, which may partially offset any adverse impact on gross margins. We seek to balance per-unit pricing considerations with volume growth objectives in order to maintain stable gross margin performance on an aggregate basis.

Measures to avoid channel stuffing

We have set up and implemented multiple measures to ensure the benefits of our distributors by avoiding channel stuffing, including:

- *Buyer-seller relationship*. We and our distributors are in a buyer-seller relationship. We typically do not accept product returns unless attributable to quality issues, ensuring that distributors will not compel us to accept unsold products. We regularly monitor the level of product returns from the distributors. During the Track Record Period, the amount of returns accounted for less than 1% of our total sales to distributors.

- *No minimum procurement target*. We typically do not set up minimum procurement target for our distributors as to avoid overload of products with our distributors.

- *Monthly report*. We monitor and manage our distributors through a reporting mechanism, under which our distributors are required to provide a monthly report of their sales, including sales volume and product categories.

- *Actual demand.* Our distributors typically place orders with us after they have received forecast or purchase orders, which inherently reduces their inventory risks and accelerates their inventory turnover. In addition, we maintain regular communication with our distributors, and encourage our distributors to place orders and adjust the frequency of their purchases in accordance with the market needs.

Measures to avoid cannibalization

We have implemented anti-cannibalization measures. Our international distributors are restricted to distribute in designated territories. For distributions in the Greater China region, we manage distributors by dividing the sales scope into Northern China and Southern China, based on

the location of our subsidiaries. We adopt a registration system for our distributors, under which distributors are required to register end customers with us, and once an end customer has been registered by a distributor, other distributors may not distribute the same product to such customer. Our distributor arrangements set out general commercial terms including pricing guidelines and distribution scope. We maintain communication with our distributors from time to time to understand their sales activities. We conduct regular review of distributors' sales reports to monitor the pricing at which they sold our products. Through these measures, we are able to coordinate and monitor our distributors' sales. We believe these measures are effective in mitigating the risk of cannibalization and in maintaining the efficiency of our distribution channels.

Key terms of distribution agreements for our products

Set forth below is a summary of the key terms of the agreements with our distributors:

- *Term*. We generally enter into a master distribution agreement with a term of one year, automatically renewable every year unless earlier terminated by either party (typically with 30 days prior notice).

- *Pricing*. We typically sell products of all our three business lines to distributors at our fixed prices in effect at the time of shipment. The fixed price we set with a distributor is determined based on a mix of factors, such as (i) the industry vertical in which the product is applied, (ii) the number of products the distributor orders, (iii) the prior established business relationship between the Company and the distributor and (iv) estimated spending budget of the distributor. Some of the distribution agreements we enter into include arrangements for price adjustment mechanism.

- *Minimum purchase amount.* There is typically no minimum purchase amount requirement.

- *Scope of distribution.* The distribution agreements are non-exclusive, and international distributors are typically restricted to distribute in designated territories.

- *Sub-distribution*. Our distributors are generally not restricted from engaging sub-distributors. During the Track Record Period and up to the Latest Practicable Date, to our knowledge, some of our distributors had engaged sub-distributors in selling our products and solutions.

- *Limitations on return or exchange*. We generally do not accept returns or exchanges from our distributors, except for any quality issues with our products.

- *Payment and credit terms*. Payment for products by our distributors is generally due within 60 days from the end of the month the invoice is issued.

- *Compliance with relevant laws*. Our distributors are required to comply with all applicable laws in distributing our products.

- *Termination*. Typically, either party may terminate any renewal with prior notice. Either party may terminate the agreement with 30 days' prior written notice. We may also terminate such agreements immediately upon any material breach by, or the insolvency of, the distributor.

Distribution model and accounting treatment

We recognize revenue when our distributors accept the products according to the contractual terms. Until revenue is recognized, these products remain classified as part of our inventories.

Once ownership of the products has been transferred to the distributor, returns are no longer permitted except for quality issues, and any requests for resolution must be addressed through replacement procedures outlined in the distribution agreement. We can help facilitate transfer of inventory to a third party upon the termination of their distribution agreements. During the Track Record Period and up to the Latest Practicable Date, we had not repurchased any products previously sold to distributors.

Our management of distributors

To uphold high operational and brand standards, we continuously assess our distributors throughout the year. We have implemented a thorough selection process to ensure that prospective distributors are well-equipped to serve our end customers and effectively market our products. Key criteria in our evaluation include their existing customer base, core product offerings, established customer relationships, and warehousing capacity.

We collaborate closely with our distributors to provide ongoing operational support aimed at driving their success and fostering sustainable growth. This includes offering training sessions to enhance their team's product knowledge and helping them manage inventory levels more efficiently.

We enter into distribution agreements that specify pricing, volume-based discounts, and geographic coverage in advance. We monitor compliance with these terms through periodic reporting from our distributors. We do not offer rebates to our distributors.

We conduct reviews of our distributors at fixed frequencies and take distributor management actions such as regular evaluations, to continuously improve the quality management level of distributors. We review our distributors based on a number of factors, including (i) general background, such as their qualifications, scope of operations, business scale, relevant industry experience, local distribution network, geographical points of sale coverage, customer service capabilities, and sales and technical support capabilities, (ii) synergy of products, for which we assess whether the other authorized products of the distributors conflict with our products or whether there could be any synergy effect between our products and their other authorized products, (iii) the capabilities of providing solutions comprising different products to the customers, and (iv) systematic management, for which we assess whether the distributors have well-established data infrastructure, including robust customer relationship management systems and sales data analytics capabilities.

Direct sales

Our direct sales are primarily focused on serving leading strategic customers within the AI server, automotive electronics, industrial control and consumer electronics industries. Our sales and marketing team is well-versed in the professional knowledge pertinent to our products, enabling it to effectively communicate the value of our technologies and the performance of our products. We believe that our direct sales help us consolidate and improve our market shares and penetrate different industry verticals effectively.

Our direct sales are usually conducted under sales and purchase arrangements. We have a buyer-seller relationship with our direct sales customers and we recognize revenue when they accept our products upon delivery according to the contractual terms.

Key terms of agreements with direct sales customers

The terms of the agreement with our direct sales customers vary depending on the specific product or project and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Duration	Generally, one to three years with an automatic renewal term, unless terminated earlier or otherwise agreed.
Pricing	The selling price of our products will be separately agreed in the order placed by the customer. Prices are determined through individual negotiation, reflecting development complexity, volume commitments, and the strategic nature of the relationship.
Transfer of risks	Risks are transferred to the customers when the products are accepted by them according to the contractual terms.
Payment and credit terms	We usually provide our direct sales customers with a credit term ranging from 30 days to 120 days, while it still depends on their operating situations, financial condition and expected transaction volume.
Minimum purchase requirements	Our framework agreements with our customers usually do not contain minimum purchase requirements.
Delivery of products	We are generally responsible for delivering products to the locations and at the times as specified in the orders placed by our customers.
Product returns/ exchanges	Our customers will inspect the products upon delivery and are generally entitled to return or exchange products that do not meet their requirements in terms of quality or specifications.
Confidentiality	These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our major customers.
Termination	These framework agreements can be terminated with mutual agreement of parties, or terminated unilaterally under certain circumstances such as unrectified material breach of the contract, force majeure or bankruptcy of a party.

Transfer Pricing Arrangements

During the Track Record Period and up to the Latest Practicable Date, there were certain intra-group transactions among our Company and our subsidiaries to facilitate the respective function of our subsidiaries during the course of business of our Group. Our intra-group transactions mainly consist of various services and product sales. We follow the fundamental principle that intra-company transactions must be conducted on an arm's length basis.

During the Track Record Period, our intra-group transactions mainly consist of the following:

- Provision of sales supporting services. A subsidiary of us provides sales supporting services to another subsidiary. The service provider also undertakes certain customer service responsibilities and the service recipient has product sales function.

- Provision of R&D services. Certain of our subsidiaries provide R&D services to other entities for specific R&D projects.

- Product sales. Our certain subsidiaries function as our sales entities. They procure finished goods from our Company and then sell the finished goods directly to third parties.

We have engaged a transfer pricing advisor to review our intra-group transactions. Our transfer pricing advisor reviewed the intra-group transactions and conducted benchmarking studies on an annual basis. Our transfer pricing advisor is of the view that (i) the pricing of our intra-group transactions aligns with the arm's length principle in accordance with relevant regulations and guidelines, (ii) our tax exposure in relation to transfer pricing is limited, and (iii) our intra-group transactions are consistent with the functions performed, risks assumed, and returns earned by each relevant subsidiary. Based on the above analysis and the advice of our transfer pricing advisor, our Directors are of the view, and the Sole Sponsor concurs, that the Group did not violate the relevant transfer pricing regulations and guidelines during the Track Record Period, nor did the Group received any audits, investigations or challenges from the relevant authorities in respect of such transactions.

To ensure our ongoing compliance with applicable transfer pricing laws and regulations, we have implemented the following measures:

- Our finance team regularly communicates with transfer pricing advisor so as to maintain informed of regulatory requirements and key tax practices;

- We review and monitor our transfer pricing arrangements on an ongoing basis, and continue to engage third party tax advisors to conduct reviews of such arrangements, ensuring they remain in line with the arm's length principle; and

- Where transfer pricing documents need to be submitted to tax authorities, such documents would be prepared by designated personnel and submitted after internal review and approval.

BRANDING AND MARKETING

Branding

We strive to enhance our brand awareness by delivering superior product quality, reliable performance, professional technical support services, and collaborative R&D capabilities, complemented by targeted marketing initiatives. We believe that the most effective form of marketing in our industry stems from building a strong market reputation rooted in these core strengths. Specifically, our sales and marketing strategy is designed to build brand recognition, increase demand for our products and solutions, foster long-term strategic partnerships with customers, drive cross-selling opportunities, and unlock incremental business potential.

Leveraging our established brand value and customer-centric operational strengths, we have built a large base of loyal clients across the semiconductor supply chain. We also deploy a variety of targeted programs and activities, such as participating in renowned industry conventions and exhibitions, to showcase our technical advantages and promote our products and solutions to a broader range of potential partners.

Sales and Marketing/Customer Technical Support

We also focus our sales and marketing strategy on establishing business and technology relationships with industry-leading module manufacturers and end-product brand owners, in order to work closely with them on future semiconductor solutions that align with their product road maps. Key industry leaders who target mass market applications often conduct a rigorous evaluation

process to choose the most suitable semiconductor solutions for their upcoming products. A supplier's design emerging successful from the evaluation process is commonly referred to as a "design win". We work with our customers closely to design integrated solutions to enhance the performance and efficiency of their products. Our engineers collaborate with our customers' engineers to create products that comply with their specifications and provide a high level of performance at competitive prices.

We also market our products directly to servers, automotive, PCs and smartphone manufacturers so that our products can be qualified for their specifications and designed into their products. In the automotive sector specifically, our automotive-grade chips have been qualified by multiple global Tier-1 suppliers for deployment in leading automaker platforms and other end-systems. For example, our automotive-grade EEPROM has been successfully qualified and incorporated into the supplier portfolio of a China-based global leading automotive brand. Following a rigorous qualification process, which included reliability testing, design validation, and product optimization to meet the automaker's stringent specifications, our products were approved for deployment in critical applications including in-vehicle camera modules and battery management systems. We supply under a master procurement agreement. Our automotive partner may provide advance demand forecasts to facilitate our production planning. We may negotiate prices on a monthly basis. Specific quantities and delivery schedules are confirmed in purchase orders, and we are responsible for transportation and delivery. Beyond this strategic our products are also integrated into automotive subsystems through leading module manufacturers and have achieved broad adoption in the automotive sector.

Our sales and marketing team boasts a high level of technical expertise and industry knowledge, enabling them to effectively support a lengthy and complex sales process. As of March 31, 2026, we had a dedicated sales and marketing team of 68 full-time employees. This team includes a highly trained group of product managers and field applications engineers who are well equipped to address customer needs and provide solutions. Additionally, our team is armed with strategic marketing experience and a strong ability to identify and capitalize on emerging market trends, ensuring we stay ahead in a dynamic industry landscape. We also provide technical support and assistance to potential and existing customers, so as to facilitate a smooth integration of our solutions into their products. We believe that the depth and quality of this design support are key to improving customers' time to market and maintaining a high level of customer satisfaction.

We attend periodic technology forums that facilitate direct interaction between their product development teams and our research and development teams. We obtain customers through this way, and also by means of referrals from strategic partners and direct outreach. For overseas customers, we maintain relationships through regular virtual communications, dedicated account management, and periodic on-site visits for technical support and design-in collaboration. Also, our customers are increasingly utilizing contract manufacturers while retaining design and key component qualification activities. As this trend matures, we continually upgrade our sales operations and manufacturing support to maximize our efficiency, flexibility and coordination with our customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize the importance of Environmental, Social, and Governance (ESG) matters to the Company's sustainable development and are continuously strengthening ESG integration across all aspects of our operations. We remain committed to enhancing the global competitiveness of our products and services, and to supporting the Company's long-term sustainable development by contributing positively to society and the environment. Upon [**REDACTED**], we will comply with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by publishing ESG reports annually to disclose the Company's ESG management to stakeholders.

Corporate Governance

ESG Governance

We fully recognize the importance of environmental and social responsibilities to our business. To strengthen our ESG management, we have established a three-tier ESG governance framework comprising the Board of Directors, the Strategy and Sustainability Committee (to be established upon [**REDACTED**]), and the ESG Working Group. Within this framework, the Board of Directors serves as the highest supervisory body and assumes ultimate responsibility for ESG matters. The Strategy and Sustainability Committee, established under the Board of Directors, is responsible for researching and managing the Company's development strategy, including recommending ESG strategies, principles, and policies, organizing feasibility studies on sustainable development goals, periodically reviewing ESG progress (with external professional support where needed), assessing ESG-related risks, and adjusting sustainable development strategies in accordance with applicable regulations when necessary. The Strategy and Sustainability Committee also reviews ESG reports and other relevant ESG disclosures and makes recommendations to the Board of Directors for approval. The ESG Working Group is responsible for implementing ESG management plans and measures and for continually identifying, assessing, and reporting ESG-related risks and improvement suggestions to ensure the effective implementation of the ESG management system.

The table below sets out the ESG expertise of our Board.

Name	Gender	Position	Audit Committee	Nomination Committee	Remuneration & Appraisal Committee	Strategy Committee	Financial Expert	Risk Expert	Industry Expert
CHEN Zuotao	Male	Chairman of the Board		√	√	√			√
ZHANG Jianchen	Male	Director and General Manager				√	√		√
WENG Huaqiang	Male	Director and Secretary of the Board					√	√	
LUO Zhi	Female	Independent non-executive Director	√	√	√		√	√	
CHEN Dong	Female	Independent non-executive Director	√		√		√	√	
MAO Zhenhua	Male	Independent non-executive Director				√	√	√	
SUN Kai	Male	Independent non-executive Director	√	√				√	

Under this framework, our Board, as the highest supervisory body, bears ultimate responsibility for ESG matters. To ensure the effective integration of the our strategy with ESG principles, the professional backgrounds and competencies of Board members have been considered, and they have been categorized as financial experts, risk experts and industry experts.

Business Ethics

We maintain a zero-tolerance policy toward all forms of corruption and strictly comply with applicable anti-corruption laws and regulations, including but not limited to the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China. We uphold robust codes of conduct and anti-corruption policies for employees and partners, strictly prohibiting bribery and other improper payments in business operations. This

prohibition applies to all global business activities, whether involving government officials or third-party professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or hospitality, and any other payments made or offered to secure an improper business advantage. We maintain accurate books and records that reflect transactions and asset dispositions in reasonable detail. Any requests for false invoices, or for payments that are unusual, excessive, or insufficiently explained, must be refused and reported immediately, and misleading, incomplete, or false entries in books and records are strictly prohibited. We also ensure that marketing personnel comply with all applicable promotion and advertising requirements.

We have implemented a wide range of internal control measures for anti-corruption and anti-bribery, including:

- Providing regular anti-corruption and anti-bribery compliance training for directors, senior management, and employees;
- Monitoring books, records, and accounts related to supplier management, tendering and bidding processes, and financial payment management to identify any false, misleading, or undisclosed entries; and
- Establishing a whistleblowing mechanism and encouraging employees, suppliers, customers, and other third parties to report suspected activities and policy violations.

In addition, we have established a standardized whistleblowing intake mechanism to ensure that all reports are handled in a timely and fair manner. We provide multiple reporting channels for internal employees and external stakeholders and strictly protect the lawful rights and interests of whistleblowers. We have established specialized investigation procedures to ensure that every report undergoes an independent and objective investigation and verification. Verified violations will be handled seriously in accordance with the policies of the Company and applicable laws and regulations. We will adopt strict confidentiality measures regarding reporting information and the identity of whistleblowers and strictly prohibit any form of retaliation.

ESG Risk Management

We have established transparent and efficient channels to engage stakeholders and maintain close communication with shareholders, governments, regulatory bodies, customers, employees, suppliers, and other stakeholders through a range of online and offline methods. We actively solicit and act on feedback from stakeholders regarding our ESG management and continuously refine our ESG practices to meet stakeholder expectations. Based on our business characteristics and stakeholder priorities, we have identified the following material ESG topics, assessed their potential risks and strategic opportunities, and implemented effective measures to address them. The ESG risks and opportunities we have identified include climate change response, water resource management, waste management, employees, product responsibility, intellectual property protection, supply chain management, and community contribution.

We have fully integrated these ESG risks and opportunities into our overall corporate strategy and daily operational management, including:

- integrate into the top-level corporate governance framework and strategic planning;
- integration into our risk management framework; and
- dynamic updates to stakeholder communications.

We have assessed the identified material ESG risks and opportunities having regard to our historical operational performance and reasonably foreseeable future circumstances. Based on such assessment, we not identified any ESG compliance risks that are financially material to our operations.

Environment

Climate Change Response

We have identified several climate-related risks that could adversely affect our business operations, assessed their potential impact, and developed corresponding response plans. We also closely monitor typhoon paths, intensity levels, and rainstorm warning signals issued by meteorological authorities, and activate targeted emergency measures based on the warning level to ensure personnel safety and business continuity.

We recognize the potential financial and reputational risks associated with environmental matters, including risks arising from compliance with current environmental regulations and stricter standards. For example, China's carbon neutrality goals announced in 2020, which aim to peak carbon dioxide emissions before 2030 and achieve carbon neutrality by 2060, may increase energy procurement costs as we may need to bear transition costs for sourcing green energy, which may be more expensive than traditional energy, or for purchasing or upgrading equipment.

We face competition in product quality, the ability to meet downstream customer expectations, experience, and reputation. Rapid technological change and evolving industry standards have intensified this competition. We also recognize that climate-related issues pose additional risks to our business.

Category		Potential impact
Physical risks	Acute risks (e.g., typhoons, floods) and chronic risks (e.g., rising sea level, continuous shifts in climate patterns)	Acute and chronic risks may disrupt the continuity of the Company's office and R&D activities, creating uncertainty in R&D progress, project delivery cadence, and customer communication efficiency. These risks may also propagate through upstream wafer foundry, packaging, testing, and logistics links, increasing the complexity of supply chain coordination and product delivery management, and potentially affecting the Company's fulfillment capabilities and customer satisfaction.
Transition risks . .	Policy risks (arising from continuously tightening carbon emission regulations) and Reputation risks (driven by rising stakeholder expectations for green development)	As climate and sustainable development regulations strengthen at global and regional levels, and as customers and [**REDACTED**] pay greater attention to ESG disclosures, the Company may face transition risks in information disclosure, compliance management, and supply chain responsibility management, which could increase management costs. In addition, as customers and [**REDACTED**] place more emphasis on supply chain sustainability, heightened focus on the full lifecycle environmental performance of chip products and supply chain practices may prompt the Company to invest more resources in supplier screening, partnership management, and sustainable procurement to meet market and regulatory expectations and maintain competitiveness.

Category		Potential impact
Opportunities	Green product opportunities (driven by growing market demand for low-carbon, eco-friendly products and solutions)	With rising demand for low-carbon, energy-saving, and environmentally friendly technology solutions, the Company has new opportunities for business expansion in high-energy-efficiency, low-power chips and related solutions. By continuously enhancing chip design capabilities and product performance, the Company can advance the use of its products in energy management, smart devices, green infrastructure, and related scenarios. This will help strengthen product competitiveness, broaden the customer base, and support downstream applications in improving energy efficiency and reducing carbon emission intensity, thereby creating new revenue growth opportunities for the Company.

We consistently uphold the principles of energy conservation and environmental protection in our operations, strictly complying with the Environmental Protection Law of the People's Republic of China and other applicable environmental laws and regulations, and we have established internal policies dedicated to environmental protection. The Company has built a robust closed-loop management system for energy safety and conservation. We regularly promote safe electricity use, conduct nightly patrol inspections, and use an intelligent air-conditioning detection system to improve energy-saving efficiency.

The table below sets forth our greenhouse gas (GHG) and energy performance of our Shanghai headquarters' office area, during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025	For the three months ended March 31, 2026
Greenhouse gas emissions					
Scope 1[(1)]	tCO_2e	–	–	–	–
Scope 2[(2)]	tCO_2e	754.53	694.97	689.62	179.18
Scope 3 – category 5: waste generated in operations[(3)]	tCO_2e	1.03	1.24	1.24	0.32
Total greenhouse gas emissions	tCO_2e	755.56	696.22	690.86	179.50
Greenhouse gas emission intensity	tCO_2e/ RMB Million Revenue	1.07	0.68	0.57	0.64
Energy consumption					
Comprehensive energy consumption[(4)]	MWh	1,252.32	1,203.00	1,299.70	337.70
Comprehensive energy intensity	MWh/ RMB Million Revenue	1.78	1.17	1.06	1.21

Notes:

(1) Our daily operations do not involve Scope 1 greenhouse gas emission sources.

(2) Our Scope 2 GHG emissions originate from purchased electricity and are calculated based on the national average CO_2 emission factors for grid electricity of 0.6205 kg CO_2/kWh and 0.5777 kg CO_2/kWh for 2023 and 2024, respectively, as published by the Ministry of Ecology and Environment of the PRC.

(3) Our Scope 3 greenhouse gas emissions are primarily from domestic wastewater, with emission factors referenced from the Collection of Greenhouse Gas Emission Factors for the Life Cycle of Products in China published by the Environmental Standards Research Institute of the Ministry of Ecology and Environment.

(4) The type of energy consumed during our operations is solely purchased electricity, calculated in accordance with the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

Considering the Company's business development cycle and internal and external environmental factors, we have initially set medium-term targets for GHG emissions and energy consumption. By 2030, we plan to:

- reduce GHG emissions per unit of revenue by 10% compared to 2024; and
- reduce energy consumption per unit of revenue by 10% compared to 2024.

Measures we implemented to facilitate GHG emission reduction include regular safe-electricity awareness initiatives, nightly inspections and the deployment of an intelligent air-conditioning monitoring system to achieve our energy-saving targets.

Water Resource Management

We actively implement water-saving initiatives and continuously promote water conservation to strengthen awareness across the Company. To reduce consumption, we adhere to responsible water management and efficient use of water resources in our operations, and our water-use intensity has begun to decline. Our water consumption consists solely of usage for office facilities.

The table below sets forth water resource usage during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025	For the three months ended March 31, 2026
Water consumption	Tonnes	1,275.00	1,537.00	1,527	390
Water intensity	Tonnes/ RMB Million Revenue	1.81	1.49	1.25	1.39

Waste Management

We adhere to compliant waste disposal and is committed to reducing waste at the source through targeted management measures. In our daily operations, the waste generated by us is primarily non-hazardous and mainly originates from our office and R&D activities, including kitchen waste and general office refuse. Our operations do not involve hazardous waste and do not produce other pollutant emissions.

Social Responsibilities

Employment

We comply with applicable employment laws in the jurisdictions where we operate and have established and implemented internal management systems, including the Recruitment Management Measures and the Staff Allocation Management Measures, to safeguard employees' lawful labor rights and interests. We prohibit all forms of child labor and forced labor and are committed to fostering a fair, equal, and harmonious working environment.

The table below sets forth our employee data during the Track Record Period:

Category	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025	For the three months ended March 31, 2026
Total number of employees	271	322	352	351
Total employee turnover	25	34	32	18
Total number of employees by gender				
Male	190	226	243	242
Female	81	96	109	109
Total number of employees by age group				
Under 30	76	88	108	103
Aged 30 to 50	174	219	226	231
Above 50	21	15	18	17
Total number of employees by type				
Key management[(1)]	16	15	12	10
General staff	255	307	340	341
Total number of employees by region				
Chinese mainland	264	314	344	343
Hong Kong, Macau, Taiwan	3	4	4	4
Overseas	4	4	4	4

Note:

(1) Comprising directors, supervisors, senior management, and core technical personnel.

Care and Benefits

We are dedicated to providing employees with a broad-based compensation and benefits system, a diverse working environment, and structured career development pathways. We provide multi-faceted health support for employees and their families, effectively enhancing the team's overall physical and mental well-being. Furthermore, we have established a fair and competitive compensation system. By conducting market benchmarking analyses, we continuously improve our compensation and incentive policies. We have also implemented a systematic and standardized performance management system, conducting annual evaluations for all employees to assess work performance, capabilities, and development potential, which serves as a key basis for compensation decisions, career development, and talent cultivation.

Training and Development

We place great importance on building and developing a global talent team and continuously enhance our organizational capabilities through a systematic, multi-dimensional talent development mechanism.

For employee training and development, we have established a structured training system covering leadership, general skills, and professional capabilities with the goal of strengthening employees' professional competence and management capabilities. Looking ahead, we will continue to optimize our talent cultivation mechanism to provide strong talent support for the Company's sustainable development.

We have also established a standardized and transparent promotion mechanism that provides diversified career pathways and ensures fairness through a structured assessment process. In practice, we offer multiple development tracks, allowing employees to choose career directions aligned with their strengths. Promotion assessments consider work performance, professional capability, and other relevant factors to ensure well-rounded selection, foster a supportive development environment, and drive mutual progress for employees and the Company.

The table below sets forth our employee training data during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025	For the three months ended March 31, 2026
Total training attendance	Person-time	665	508	573	25
Average training hour	Hour	24.87	24.9	23.3	8

Occupational Health and Safety

We strictly comply with the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and applicable laws and regulations in our domestic and overseas operating locations. We have formulated and implemented safety guidelines to standardize workplace safety and health management. Through strict enforcement of safety management systems, the establishment of safety performance incentive mechanisms, and continued investment in safety technology upgrades, we safeguard employees' workplace safety and health. We provide pre-employment health checks for new employees and annual physical examinations for all employees. We also conduct regular fire safety drills for all staff to strengthen fire emergency knowledge and skills and to raise overall safety awareness.

We regularly organize occupational health and safety training for all employees, covering equipment safety, safety regulations, construction safety, and accident case studies. In addition, through themed awareness campaigns and safety skills competitions, we continually reinforce employee safety awareness.

We have achieved "Zero Work-related Injuries" over the past three years, during which no work-related fatalities, injuries, or workplace safety incidents occurred.

Product Responsibility

We have established a strategic, full-process management system for product quality and safety. Across the supply chain, we require our main business partners to obtain quality certifications such as IATF 16949 and we give preference to factories that also hold ISO 14001 certification, creating a joint defense that spans quality, reliability, and environmental responsibility.

We have established a standardized product recall management mechanism along with formal processes for product anomaly feedback, failure analysis, and quality investigations, using closed-loop tools such as 8D reports for batch issues. When a product requires recall due to potential issues, this mechanism enables a rapid response. The sales department acts as the unified external liaison and coordinates with customers on recall scope, reasons, and handling plans, and initiates return authorization requests in the internal system. After approval through a cross-departmental joint review, the Company conducts product recovery, testing, and replacement in accordance with established procedures, ensuring each batch recall is recorded, analyzed, and optimized through the closed-loop traceability system. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product recalls or exchanges.

To strengthen quality traceability and risk prevention, we have built a digital platform that covers customer complaints, process data, and product history. This continuously enhances customer supply chain stability and product reliability.

Intellectual Property Protection

We continue to increase investment in R&D, including green products. To protect our innovation outcomes, the Company has established internal regulations such as the patent management system and is systematically building an intellectual property protection framework to safeguard core technologies and trade secrets.

We have developed a system that covers the entire process from wafer manufacturing to packaging and testing. Through end-to-end quantitative monitoring and systematic analysis, we identify and eliminate potential defects before products leave the factory, which reduces electronic waste and its environmental impact. Furthermore, by improving chip operating efficiency and integration, we reduce resource and energy consumption per unit of product during production and use, putting the concept of green manufacturing into practice.

Supply Chain Management

We are committed to strengthening the sustainable management of our supply chain. Our measures include implementing systematic environmental and social responsibility risk management for suppliers and promoting carbon reduction across the entire supply chain. In our supplier performance evaluation system, we plan to incorporate ESG-related indicators, including low-carbon and social responsibility metrics, as key scoring dimensions.

We have established a standardized, transparent, and forward-looking supplier social responsibility assessment system with clear "red lines" that prohibit child labor, forced labor, commercial bribery, and major safety and environmental incidents.

Upholding fairness and transparency, we seek long-term and stable strategic partnerships with suppliers. Through regular communication, we respond to supplier needs, optimize cooperation processes, and actively promote green development strategies, guiding suppliers to practice sustainable development and jointly advance carbon footprint reduction. Together with upstream and downstream partners, we deepen information sharing and resource complementarity to enhance the stability and overall competitiveness of the supply chain and to help drive the industry toward a sustainable future.

Community Contribution

We actively fulfill our social responsibilities and contribute corporate strength to society. We are committed to aligning business development with social responsibility by participating in community development, education support, emergency relief, environmental protection, and cultural and sports initiatives. To practice corporate citizenship systematically, we support education and medical welfare by establishing special charitable funds and making targeted donations. In 2025, we donated RMB100,000 to "Chip in for Little Livers" jointly organized by SMIC, Shanghai Renji Hospital, and China Soong Ching Ling Foundation, to fund surgical treatment for children with end-stage liver disease. Looking ahead, we will continue to work with all sectors of society to create sustainable social value.

COMPETITION

The markets for our products and solutions are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and fluctuating average selling prices.

Our competitors include large domestic and international semiconductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and customer requirements or devote greater resources to the promotion and sale of their products. For a description of the semiconductor industry's market environment, please refer to the "Industry Overview" section.

EMPLOYEES

Our people-centric culture promotes sustainable growth internally and customer bonding externally. We are dedicated to creating a fair, just and open environment for our employees. As of March 31, 2026, we had a total of 351 employees, most of whom were based in China.

The following table sets forth the number of our employees categorized by function as of March 31, 2026.

Function	Number of Employees	% of Total
Finance	11	3.1
Administration	24	6.8
Sales and marketing	68	19.4
R&D	196	55.8
Production	34	9.7
Quality control	18	5.1
Total	**351**	**100.0**

We recognize the importance of talents for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. We adopt a diversified recruitment approach to ensure a sufficient talent pool for key positions. We recruit employees primarily through referrals, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. In particular, we provide a special training program which lasts for two to three weeks for our R&D employees to help them get familiar with R&D activities and project management. Our experienced engineers also conduct tutoring with new R&D employees.

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. We always strive to provide employees with broad-based social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety in relevant countries and regions, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees by implementing a highly efficient management system.

As part of our human resources strategy, we provide our employees with relatively competitive salaries, performance-based bonuses and other incentive arrangements. In addition, we have implemented a series of long-term equity incentive schemes covering our core management team, key technical personnel and backbone employees in crucial positions, thereby closely aligning such employees' personal development with the Company's long-term interests. The grant, vesting and exercise conditions under this equity incentive scheme are closely tied to employees' annual performance appraisals, contributions, length of service and the attainment of the Company's strategic objectives, with a view to fostering sustained long-term commitment and a strong sense of ownership. We review employee performance from time to time based on, among other criteria, their ability to achieve prescribed performance targets. The remuneration and benefits package of our employees generally comprises salaries, bonuses and equity incentive entitlements, and is generally determined by reference to factors including seniority, performance evaluation, length of service and the criticality of the relevant role. We also endeavour to maintain a multi-tier incentive framework and a supportive working environment to enable employees to fully realise their potential. As a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team, thereby strengthening our talent foundation for the Company's sustained and healthy development.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INTELLECTUAL PROPERTY

Owing to the efforts of our R&D team, we have been able to develop and own a series of important intellectual properties and several key technologies that are critical to our business operations. As of the Latest Practicable Date, we owned 80 patents, nine software copyrights, and 83 composition designs around the globe.

To protect and enforce our intellectual property rights, we enter into framework agreements with our suppliers imposing confidentiality obligations to protect our intellectual property rights during the manufacturing. We have adopted a number of internal control policies and measures to protect our intellectual property rights and trade secrets: (i) implementing internal policy to establish robust management over our intellectual property rights, (ii) timely registration, filing and application for ownership of our intellectual properties, (iii) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (iv) engaging professional intellectual property service providers.

We rely on confidentiality agreements to safeguard our interests in proprietary know-how that are not patentable and manufacturing processes for which patents are difficult to enforce. There is no guarantee that we will prevail on patent infringement claims against third parties, and we cannot assure you that our products do not infringe patents held by others or that they will not in the future. To the best of our knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property rights claims by third parties.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We place significant emphasis on information security management, drawing on international best practices in our operation, and we strive to provide a safe, secure environment for our customers.

In the course of our business, we collect, store and process business data and transaction data. Our business and transactional data primarily includes customer order information, product sales records, supplier purchase contracts, logistics and delivery data, financial transaction flows, and internal operational management data. As we only make transactions with enterprises, we do not intend to collect or process personal data in the ordinary course of our business. To the extent that any non-sensitive personal data is incidentally processed, for example, business contact details and job titles, we will handle such data in accordance with applicable laws, regulations and industry standards. Our data are stored on servers located within the PRC with no cross-border transfers. We do not maintain any servers outside the PRC and does not conduct any cross-border data transfers or data processing activities in connection with its business operations or through its overseas subsidiaries.

We are committed to complying with applicable laws, regulations and industry standards. We have formulated our network and information security emergency plan. By establishing a high-standard information security management system that ensures full coverage, we have laid a robust foundation for information security, benefitting both domestic and international clientele. To strengthen our information security management system, we have implemented key policies and frameworks to proactively assess and address cybersecurity risks, protecting our assets and minimizing vulnerabilities.

In addition, we have established a remote disaster recovery system for our server by setting up multiple memory for the same information and data of long time dimension on cloud, local and remote locations. Even if the server is damaged due to the highest level of disasters such as earthquakes, mudslides and other irresistible natural disasters, we believe that it can safeguard and guarantee that the service and data can be completely restored within 24 hours.

All of our employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work without our consent. We have a structured data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis.

We will endeavor to maintain safeguards and continuously improve our controls to support the security of our information assets and the continuity of our operations.

Based on the above, our PRC Legal Advisors are of the view that our business operations have been in compliance with the relevant data privacy and cybersecurity laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened material legal, arbitral or administrative proceedings against us or our Directors. During the Track Record and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Based on the foregoing, our Directors are of the view that our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders' investment and our assets at all times. We have adopted and implemented risk management policies covering various aspects of our business operations, such as financial reporting, compliance, and anti-bribery and anti-kickback. Our Board of Directors and our general manager are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams.

In order to monitor the continuous implementation of [**REDACTED**] risk management policies and corporate governance measures, we have taken or will continue to take risk management measures as follows:

- Our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels.

- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.

- Our financial affairs department, legal and compliance department, human resources department and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities.

- When necessary, we engage external professional advisors, an Internal Control Consultant to work with our internal audit and legal teams to conduct regular reviews to ensure the validity of all registrations, licenses, permits, filings and approvals.

- Regular training to be provided by external legal advisor to our Directors and senior management after [**REDACTED**] on the subject of compliance of relevant Listing Rules requirements and applicable PRC laws and regulations.

In addition, we have adopted a series of measures to mitigate the risks on bribery and corruption:

- A policy relating to anti-bribery and anti-corruption was issued by us, which includes guidelines on monitoring, accepting escalation, processing investigation and reporting of incompliance behavior including bribery and corruption.

- A whistle-blower mechanism was set up by us, including report channels (email), investigation procedures and responding to detected problems.

- A policy relating to control the risks of economic sanctions was issued by us. Our legal and business managers are responsible to review and control such risks and the policy also includes relevant implementation procedures.

- Compliance training is provided to all employees including new employees.

To facilitate our ongoing compliance with applicable laws and regulations, we have formulated the "Legal and Compliance Management Procedures" and established a compliance risk management mechanism. All departments regularly review the laws, regulations, regulatory requirements, and industry standards applicable to their business activities, proactively identify potential compliance risk points, with a particular focus on high-risk areas such as anti-commercial

bribery, data security, export controls, connected transactions, and information disclosure. Employees or departments who identify significant legal or compliance risks are required to report them promptly. When a compliance risk arises, the human resources department, in conjunction with relevant business departments and external legal counsel, assesses the risk level, develops response measures (such as suspending business, revising processes and initiating investigations) and establishes clear timelines and responsible parties for remediation. We also implement a ledger management system for identified risks, tracking the progress of remediation through regular follow-ups, internal inspections, or audits to ensure effective implementation of the measures. Significant risk matters are documented in compliance reports submitted to the general manager and the Board of Directors for reporting. Furthermore, we mandate that compliance assessments must be conducted for certain critical business management activities, and the results must be submitted to relevant personnel for compliance review as required.

Tariff and Export Control Policy Monitoring

Our business operations and financial performance may be influenced by geopolitical risks. Geopolitical tensions have resulted in and may continue to cause changes in international trade policies and additional barriers to trade such as increased tariffs and export restrictions. In addition, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, more extensive export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. As of the Latest Practicable Date, our products were subject to Section 301 Tariffs of 50% imposed in 2018 and Section 301 Tariffs of 0% imposed in December 2025 which would be raised in June 23, 2027. On July 24, 2026, the USTR imposed an additional 12.5% tariff on products of China in connection with its forced labor investigations. However, our products are exempt from such additional 12.5% tariffs. Section 122 Tariffs of 10% have been invalidated by the U.S. Court of International Trade and lapsed on July 24, 2026. All IEEPA tariffs have been struck down.

Our revenue generated from direct exports to the U.S. were RMB4.7 million, RMB4.0 million, RMB5.9 million and RMB2.4 million, in 2023, 2024, 2025 and the three months ended March 31, 2026, representing 0.67%, 0.38%, 0.49% and 0.86% of our total revenue in respective year/period. As of the Latest Practicable Date, we do not have plans to expand our operations in the U.S. specifically. Our Directors, taking into accounts of the views of DLA Piper, are of the view that recent U.S. tariff measures have not had, and are not expected to have, a material impact on our business operations or financial position. During the Track Record Period, our revenue attributable to the United States was immaterial, and we did not rely on the U.S. market as a key revenue source. Accordingly, any incremental U.S. tariff measures are expected to have limited direct impact on our sales, margins or overall financial performance. Our products and business operations are not dependent on exports to, or imports from, the United States. Our procurement and manufacturing activities are primarily conducted outside the United States, and our key inputs are not materially subject to newly imposed U.S. tariffs beyond those already disclosed. However, our products may be incorporated into end-products imported into the United States, in which case any applicable tariffs are generally borne by the importer. Such tariffs may increase costs for customers, who may seek to pass such costs through the supply chain, which could in turn affect our business. Even where such costs are not passed on to us, the reduced competitiveness of such end-products in the U.S. market may result in lower demand and fewer orders placed with us. Further, U.S. trade policies remain subject to change, including potential expansion in the scope or coverage of tariff measures. As of the Latest Practicable Date, however, there is no specific indication that such developments would materially affect our operations or financial position, having regard to our limited U.S. exposure and existing business model.

The Export Administration Regulation (the "**EAR**") regulates U.S. export control, and the Bureau of Industry and Security (the "**BIS**") of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export or transfer. We have procured an EDA software during the Track Record Period for chipset design and development at an aggregate cost of USD1.3 million. We did not otherwise procure any U.S.- origin raw materials, components, software, IP cores or EDA tools. To the best of our knowledge, none of our suppliers procured any U.S.- origin raw materials, components, software, IP cores or EDA tools. Because it is subject to the EAR, our purchase and use of the EDA software must follow EAR requirements. As advised by DLA Piper, for the EDA software we procured that is subject to EAR, our procurement would not require a license or would be subject to a license exemption based on the classification provided by the supplier, because (i) it is nonsensitive or relatively less sensitive, (ii) China is not an embargo country as defined by the EAR or subject to comprehensive controls, and (iii) the Company is not a sanctioned target, and the end use is not restricted. As advised by DLA Piper, we can use the software without an export license, as long as we do not take action that violates the EAR. Notwithstanding the above, U.S. export control measures targeting the semiconductor industry have evolved and, in certain instances, restrictions on the supply of EDA software to China have been imposed and subsequently adjusted or rescinded within relatively short periods. Such developments may indicate a degree of regulatory uncertainty in relation to continued access to the U.S.-origin EDA software. As of the Latest Practicable Date and as advised by DLA Piper, our Directors are not aware of any planned regulatory changes affecting the Company's current access to EDA software. In the event that U.S. export control measures become more restrictive, our Directors are of the view that domestically available EDA software could be obtained and used to support our regular R&D activities in place of the U.S.-origin EAD software, without material affects on our R&D activities, product development timelines and costs.

We conduct compliance measures to fulfil our obligations under U.S. export control laws, including (i) designating specific personnel in our legal department to conduct all necessary compliance measures in our routine business; (ii) conducting routine screening against our counterparties and assessing the applicable restrictions for dealing with any counterparties; (iii) requiring our customers to sign export control compliance commitments; (iv) requesting our suppliers and contract manufacturers to complete due diligence questionnaires to confirm whether the items supplied to us and the items used in the manufacturing process for our products are subject to the EAR; (v) confirming applicable trade compliance obligations in the contracts with suppliers; (vi) engaging with our contracting manufacturers to ensure that information provided to us is accurate and up to date; and (vii) engaging our compliance and technical teams to review and assess the relevant export control classifications of our final products. We also regularly consult with our external U.S. export control counsel to monitor developments in law, regulation and best-practices for compliance. As advised by DLA Piper, based on its review of our relevant compliance manuals, our screening procedures and the measures described above, and taking into account our current supply chain, business model and customer base, our trade compliance program is reasonably adequate and effective in relation to export control risks.

Based on the above analysis, including (i) the minimal direct revenue exposure to the U.S.; (ii) the absence of any U.S.-origin raw materials, components, IP cores or EDA tools other than the EDA tools procured during the Track Record Period; and (iii) the relevant internal control and compliance measures implemented by the Company, our Directors are of the view that the actual and potential impact of the recent U.S. trade restrictions and tariffs on the Group's business operations and financial performance is not material. Taking into account the legal advice from the DLA Piper, the assessment of us and the due diligence the Sole Sponsor has performed, nothing has come to the Sole Sponsor's attention that would reasonably lead them to cast doubt on the view of our Directors.

THE IMPACT OF U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Final Rule**"), which became effective on January 2, 2025. See "Regulatory Overview — U.S. Outbound Investment Rule."

As advised by DLA Piper, our Directors believe that we are likely to be deemed a Covered Foreign Person engaged in one of the "covered activities" (including (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems) as we design integrated circuits as described in the definition of "notifiable transactions" in 31 C.F.R. §850.217. We are not directly or indirectly engaged in any "covered activities" as described in the definition of "prohibited transactions" (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit with performance parameters of the advanced integrated circuits covered by prohibited transactions as defined by the Final Rule. As advised by DLA Piper, U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. U.S. persons engaged in a "Covered Transaction" that involves the acquisition of our equity interests (including the [**REDACTED**] of our H Shares in the [**REDACTED**]) may need to make a notification to Treasury pursuant to the Final Rule. Specifically, if U.S. persons engage in transactions involving the acquisition of non-publicly traded equity interests in the Company, U.S. persons may be required to make a notification to the Treasury under the Final Rule. While such requirements may give rise to additional compliance obligations for prospective U.S. investors, our Directors, having considered the views of DLA Piper, are of the view that such requirements are not expected, on their own, to materially deter participation in the [**REDACTED**], particularly to the extent that any investment would fall within the category of notifiable (rather than prohibited) transactions.

Based on the above, and that, as advised by DLA Piper, it is the responsibility of the U.S. person engaged in a "notifiable transaction" to make a notification to Treasury pursuant to the Final Rule, our Directors do not believe that the Final Rule is expected to have a material adverse impact on our business, results of operations, financial condition or the [**REDACTED**]. Taking into account the legal advice from the DLA Piper, the assessment of us and the due diligence the Sole Sponsor has performed, nothing has come to the Sole Sponsor's attention that would reasonably lead them to cast doubt on the view of our Directors.

However, there is no assurance that the Treasury will take the same view as ours. Future changes in the Final Rule, the America First Memo and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case the [**REDACTED**] of our H Shares may also be materially and adversely affected. See "Risk Factors — We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments."

LAND AND PROPERTIES

Owned Properties

We own properties in Shanghai. We had obtained building ownership certificates of all such properties. As of the Latest Practicable Date, we held the title for each of these real estate properties. Our rights to use such construction land were lawful and valid, and there were no

disputes or potential disputes over the ownership over such land. The owned properties are not secured by any debt nor used as collateral for mortgages. The table below sets forth a summary of the properties we own as of the Latest Practicable Date.

Location	Actual Usage	Area
		(sq.m.)
Building 10, No. 1761 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China	Office, R&D	4,734.37

As confirmed by our PRC Legal Advisors, our Company legally and validly owns the property, with no existing or potential ownership disputes.

Leased Properties

In addition, we held nine leased properties which are primarily used as offices and warehouses. As of the Latest Practicable Date, we had not received any claims from third parties asserting any rights or interests in respect of, or otherwise disputing, our rights and interests under such leased properties. As of the Latest Practicable Date, six lease agreements had not been registered, which required cooperation of the property owners. As advised by our PRC Legal Advisors, the failure to register such lease agreements for our leased properties will not in itself affect the validity or enforceability of the relevant lease agreements, nor will it restrict our right to continue using such leased properties or materially and adversely affect our operations. However, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease if we fail to complete the registration within the prescribed time frame after receiving notice from the relevant competent authorities in mainland China. In consideration of (i) as advised by our PRC Legal Advisors, the absence of registration for certain lease agreements does not constitute a material or systemic non-compliance on our part, (ii) the maximum aggregate amount of potential administrative penalties was insignificant, and (iii) we were actively rectifying such noncompliance, our Directors are of the view, and the Sole Sponsor concurs, that the non-registration of certain property leases does not amount to material or systemic non-compliance.

As of March 31, 2026, none of the properties leased or owned by us had a carrying amount of 15% or more of our combined total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1) (b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, reviews and audits and are required to maintain or renew the permits, licenses, and certifications necessary for our operations. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. The successful renewal of our existing licenses permits and approvals will be subject to our fulfillment of relevant requirements. We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses, approvals, and permits from the competent government departments and regulatory authorities that are material for our business operations in the jurisdictions where we operate and all such licenses, permits, approvals and certificates remain valid and in effect.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. During the Track Record Period, we made full contributions to social insurance and housing provident fund for all of our employees in compliance with applicable PRC laws and regulations, and there were no material outstanding as of the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any project liability claims. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. We maintain these insurance policies on our facilities and have arranged open cover insurance for import and export cargo transportation and domestic cargo transportation. We also maintain property insurance for our operations. According to Frost & Sullivan, our current insurance coverage is consistent with industry practices. Based on the foregoing, our Directors believe that such coverage is adequate to meet our operational needs.

AWARDS AND RECOGNITIONS

The following table sets forth certain awards we received and certain achievements we made in the past a few years:

Year	Name of Award or Recognition	Awarding Entity
2026	Shanghai Innovative Enterprise Headquarters (上海市創新型企業總部)	Office of the Shanghai Leading Group for Strategic Emerging Industries (上海市戰略性新興產業領導小組辦公室)
2026	2025 Shanghai Top 100 Specialized, Refined, Differential and Innovative (SRDI) Enterprises by Brand Value (2025上海專精特新企業品牌價值100強)	Shanghai Specialized, Refined, Differential and Innovative (SRDI) Enterprise Brand Value Evaluation Committee (上海專精特新企業品牌價值評價委員會) and Shanghai Institute of Corporate Culture and Brand (上海企業文化與品牌研究所)
2026	2026 Automotive Electronics Golden Chip Award – Innovative Application Award (2026汽車電子金芯獎–創新應用獎); 2026 Top 30 Domestic Automotive-Grade Chip New Products (2026國產車規芯片新品30強)	The 13th Automotive Electronic Innovation Conference 2026 (第十三屆汽車電子創新大會暨車規半導體技術與應用展)
2025	Annual Semiconductor Listed Company Leadership Award (Automotive Memory) (IC風雲榜"年度半導體上市公司領航獎(車載存儲類)")	Semiconductor Investment Alliance (半導體投資聯盟)

Year	Name of Award or Recognition	Awarding Entity
2025	2025 STAR Market Top 50 (2025科創板價值50強)	China Media Group (中央廣播電視總台) and the Shanghai Municipal People' Government (上海市人民政府)
2025	2025 China Automotive Chip Innovation Achievement (2025中國汽車芯片創新成果)	China Association of Automobile Manufacturers (中國汽車工業協會)
2025	2025 Silver Medal for Corporate Social Responsibility (2025年度企業社會責任銀牌)	EcoVadis
2024	Single Champion Products (2024年上海市製造業單項冠軍企業)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024	2024 China Automotive Chip Innovation Achievement (2024中國汽車芯片創新成果)	China Association of Automobile Manufacturers (中國汽車工業協會)
2024	2024 China IC Design Achievement Awards — Best RAM of 2024 (2024年中國IC設計成就獎之2024年度最佳存儲器)	Aspencore, EE Times China (EET電子工程專輯), EDN China (EDN電子技術設計), ESM China (ESM國際電子商情)
2023	National Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
2022	2022 China Automotive Chip Innovation Competition: "Most Innovative Automotive Chip" (2022年中國汽車芯片創新大賽"最具創新性汽車芯片")	National New Energy Vehicle Technology Innovation Center (國家新能源汽車技術創新中心), China Automotive Chip Industry Innovation Strategic Alliance (中國汽車芯片產業創新戰略聯盟)

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As at the Latest Practicable Date, Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through Tianhao Technology, which directly owns 33,414,920 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately 21.03% of the issued share capital of our Company immediately before the [**REDACTED**], and approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that no new Shares are issued under the [**REDACTED**] and our Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

Save for the business of our Group, each of our Single Largest Group of Shareholders does not currently have any interest in a business that competes or is likely to compete, whether directly or indirectly, with our Group's business.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Single Largest Group of Shareholders after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Currently, our Board consists of seven Directors, comprising three executive Directors and four independent non-executive Directors, and we also have four senior management members. Notwithstanding that Mr. CHEN Zuotao, chairman of the Board and an executive Director, is a member of the Single Largest Group of Shareholders, our Directors believe that the Board and senior management of our Company are able to operate our business independently of our Single Largest Group of Shareholders for the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by our executive Directors and senior management team. As of the Latest Practicable Date, except from Mr. Chen, none of them held any management position in the Single Largest Group of Shareholders or their respective close associates. They also have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interests of our Group;

(iii) our Board has a balanced composition of executive, and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position with our Single Largest Group of Shareholders. All of our four independent non-executive Directors are independent of the Single Largest Group of Shareholders and have substantial experience in their

respective areas of expertise. For details, see "Directors and Senior Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole;

(iv) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting and shall abstain from voting in respect of such transaction and not be counted towards the quorum at the relevant Board meetings of our Company in respect of such transactions; and

(v) upon [**REDACTED**], we will adopt a series of corporate governance measures to manage conflicts of interests, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our Group's business and have obtained relevant requisite qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions.

We have independent access to customers and suppliers and, therefore, are not dependent on our Single Largest Group of Shareholders for any significant amount of our revenue, research and development, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, research and development, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. We also maintain a set of structured internal control procedures to facilitate the effective operation of our business.

Based on the above, our Directors believe that we are able to operate independently from our Single Largest Group of Shareholders and their respective close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Single Largest Group of Shareholders and their respective close associates, as well as a sound and independent financial system. Our Company has an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes and we make independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank

account with our Single Largest Group of Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Single Largest Group of Shareholders and their respective close associates.

We have adequate financial resources and credit facilities to support our daily operation without relying on any guarantee or security provided by our Single Largest Group of Shareholders and their respective close associates. As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Single Largest Group of Shareholders or their respective close associates. We do not expect to rely on our Single Largest Group of Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

Based on the above, our Directors believe that we do not place undue reliance on our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

(i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which any member of our Single Largest Group of Shareholders or any of their associates has a material interest, the relevant member in our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with any member of our Single Largest Group of Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;

(iv) our Board will consist of a balanced composition of executive and independent non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We believe our independent non-executive Directors, individually and collectively, possess sufficient knowledge and experience 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;

(v) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(vi) our Single Largest Group of Shareholders will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(vii) our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(viii) we have established our audit committee, remuneration and evaluation committee, nomination committee and strategy committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;

(ix) where our Directors reasonably request the advice of independent professionals such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(x) we have amended our Articles of Association to ensure compliance with the Listing Rules, which will become effective upon [**REDACTED**]; and

(xi) we have appointed Altus Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Single Largest Group of Shareholders to protect minority Shareholders' rights after the [**REDACTED**].

DIRECTORS

Upon [**REDACTED**], our Board will consist of seven Directors, comprising three executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table provides information about our Directors:

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities in our Group
Mr. CHEN Zuotao (陳作濤先生) . .	55	Executive Director and Chairman of the Board	April 2017	April 2017	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. ZHANG Jianchen (張建臣先生) . .	51	Executive Director and General Manager	January 2018	April 2020	Overall strategic planning and operations of our Group
Mr. WENG Huaqiang (翁華強先生) . .	38	Executive Director and Secretary of the Board	February 2019	September 2024	Overall strategic planning and management of our Group
Ms. LUO Zhi (羅知女士) . . .	42	Independent non-executive Director	September 2024	September 2024	Supervising and providing independent opinion and judgment to the Board
Ms. CHEN Dong (陳冬女士) . . .	48	Independent non-executive Director	October 2023	October 2023	Supervising and providing independent opinion and judgment to the Board
Mr. MAO Zhenhua (毛振華先生) . .	61	Independent non-executive Director	January 2026	January 2026	Supervising and providing independent opinion and judgment to the Board
Mr. SUN Kai (孫凱先生) . . .	40	Independent non-executive Director	January 2026	January 2026	Supervising and providing independent opinion and judgment to the Board

Executive Directors

Mr. CHEN Zuotao (陳作濤先生), aged 55, has been chairman of our Board and an executive Director of our Company since April 2017.

From November 1997 to April 2014, he was an executive director at Beijing Dezhibao Investment Co., Ltd.* (北京德之寶投資有限公司) (the predecessor of Tianhao Investment Group Co., Ltd. (天壕投資集團有限公司)), where he led the company in formulating investment strategies and overseeing the implementation of investment projects.

During Mr. Chen's tenure as an executive Director since April 2017, he has accumulated substantial experience in the semiconductor and integrated circuit industry through leading our Group's strategy and operations. Under his leadership, we have achieved multiple development milestones, including the launch of our self-developed integrated lens driver + EEPROM two-in-one product in 2018, mass supply of automotive-grade EEPROM products in 2021 and the technical breakthrough in EEPROM with 4 million program/erase cycles and 200-year data retention in 2021. For further details, see "Business — Our Evolution". Our Group has also deepened its presence automotive electronics, with products deployed widely across multiple core in-vehicle modules.

In addition to the aforesaid, our leading R&D capability and market positions in multiple sub-segments reflect the systematic improvements implemented under Mr. Chen's leadership.

Other than his positions in our Company, Mr. Chen has been chairman of the board, an executive director and general manager of Top Resource Energy Co., Ltd. (天壕能源股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 300332) since October 2010. He has been chairman of Tianhao New Energy Co., Ltd.* (天壕新能源股份有限公司) since July 2018. He has been an independent non-executive director of Kingsoft Corporation Limited (金山軟件有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 3888) since April 2023. Mr. Chen has also been an executive director in Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) since June 2024 and the chairman of the board and an executive director of Shandong Guoyao Quantum Radar Technology Co., Ltd.* (山東國耀量子雷達科技有限公司) since August 2024.

Mr. Chen obtained his bachelor's degree in business management from Wuhan University (武漢大學) in 1992. He obtained his Executive Master of Business Administration Degree for Senior Management from the PBC School of Finance, Tsinghua University* (清華大學五道口金融學院) in China in June 2017. He obtained a Ph.D. degree from University of Minnesota, Carlson School of Management in the United States in May 2024.

On November 1, 2017, the Shenzhen Stock Exchange (the "**SZSE**") issued a "Notice of Criticism" (通報批評) (the "**SZSE Criticism**") against Top Resource Energy Co., Ltd. (天壕能源股份有限公司) ("**Top Resource**") (formerly known as Top Resource Conservation & Environment Corp. (天壕環境股份有限公司)), a company listed on the SZSE ChiNext Board (stock code: 300332.SZ), and relevant parties, including Mr. Chen, who was serving as the chairman and a director of Top Resource at the relevant time.

The SZSE found that Top Resource's 2016 annual performance forecast (《2016年度業績預告》) and its 2016 annual performance express (《2016年度業績快報》) contained substantial discrepancies from the audited figures in its 2016 annual report, and Top Resource failed to make timely corrections. The SZSE determined that Mr. Chen and certain other senior management members of Top Resource had violated Articles 2.2 and 3.1.5 of the SZSE Growth Enterprise Market Listing Rules (the "**SZSE GEM Rules**") which concern the duty to ensure true, accurate, and timely disclosure. As a result, Mr. Chen, along with such other senior management members of Top Resource, was held responsible for failing to perform his duties and was subject to the SZSE Criticism.

Subsequent to the aforesaid incident, Top Resource published an explanatory and apology announcement in April 2017, clarifying that the discrepancies were due to accounting adjustments required following the finalization of an acquisition audit and the issuance of updated regulatory

guidance on contingent consideration. According to a later announcement published by Top Resource in April 2020, Top Resource and its management had strengthened their study of national laws and regulations and enhanced training on information disclosure to prevent recurrence.

On April 24, 2026, the SZSE issued a "Notice of Criticism" (the "**Second SZSE Criticism**") against Top Resource and relevant parties, including Mr. Chen, finding that Top Resource's controlling shareholder, Top Resource Investment Group Co., Ltd. (天壕投資集團有限公司) ("**TRI Group**"), had made payments on behalf of Top Resource to upstream suppliers for natural gas procurement, and Top Resource subsequently repaid TRI Group for such advance payments within a short period of time. The amount of advance payments that Top Resource repaid TRI Group represents 12.43% and 11.98% of Top Resource's audited net assets in 2024 and 2025, respectively. The SZSE determined that these related-party transactions had reached the threshold requiring approval of Top Resource's shareholders under the applicable rules, but Top Resource failed to timely complete the required approval procedures and disclosure obligations. The SZSE determined that Top Resource had violated Articles 1.4 and 7.2.8(1) of the SZSE GEM Rules concerning timely disclosure and procedural compliance, and that Mr. Chen, along with Top Resource's chief financial officer and board secretary, had violated Articles 1.4, 4.2.2(2)(xii) and 4.2.2(3) of the SZSE GEM Rules and were held primarily responsible for failing to perform their duties and were subject to the Second SZSE Criticism.

On April 24, 2026, the Beijing Office of the CSRC (the "**CSRC Beijing Bureau**") issued a "Warning Letter" (警示函) (the "**Warning Letter**") against Top Resource and relevant parties, including Mr. Chen. The CSRC Beijing Bureau found that the same conduct underlying the Second SZSE Criticism constituted a violation of information disclosure obligations. Specifically, the CSRC Beijing Bureau determined that Top Resource had violated Article 3 of the Measures for the Administration of Information Disclosure by Listed Companies (2021 Revision) (《上市公司信息披露管理辦法（2021修訂）》) (CSRC Order No. 182) and Article 3 of the Measures for the Administration of Information Disclosure by Listed Companies (2025 Revision) (《上市公司信息披露管理辦法（2025修訂）》) (CSRC Order No. 226), and that Mr. Chen, as chairman and general manager, along with Top Resource's chief financial officer and board secretary, had violated Article 4 of each of the aforesaid measures and were responsible for the aforesaid violations.

Subsequent to the aforesaid incident, Top Resource convened a board meeting on January 30, 2026, and an extraordinary shareholders' meeting on March 6, 2026, at which the relevant related-party transactions were retrospectively approved. Top Resource also published an announcement on April 24, 2026, clarifying the remedial actions. According to that announcement, Top Resource and its management stated that they would take the warning seriously, strengthen their study of the PRC Securities Law and the Measures for the Administration of Information Disclosure by Listed Companies (《上市公司信息披露管理辦法》), strictly enforce the related-party transaction management system, and continuously improve their compliance and operational standards to prevent recurrence of such incidents.

Our Company and Directors (other than Mr. Chen) are of the view that the aforesaid incidents do not affect Mr. Chen's experience, knowledge, character or integrity required under Rules 3.08 and 3.09 of the Listing Rules, and the Sole Sponsor concurs, having considered the following reasons:

(i) as advised by our PRC Legal Advisors, a "criticism" by the SZSE is a disciplinary action with a relatively low degree of severity under the SZSE GEM Rules and does not constitute an administrative penalty under PRC laws, and a "warning letter" issued by the Beijing CSRC Bureau is an administrative supervisory measure rather than an administrative penalty. Neither the SZSE criticisms nor the Warning Letter in itself creates a legal or regulatory circumstance that would disqualify Mr. Chen from serving as a director of a listed company in the PRC;

(ii) apart from the above incidents, Mr. Chen has no other non-compliance records during his tenure as a director of Top Resource or our Company. He has accumulated substantial management experience and industry experience relevant to our Group's operations;

(iii) since receiving the SZSE Criticism and the Second SZSE Criticism, Mr. Chen has not been publicly deemed unsuitable by any securities exchange, has not received any further public reprimands or criticisms, and is not currently under any investigation; and

(iv) Mr. Chen received directors' training from the Hong Kong legal advisors of our Company and he has confirmed that he fully understands his obligations as a director of a company listed on the Stock Exchange under the Listing Rules and the disclosure of interest obligations under the SFO.

Mr. ZHANG Jianchen (張建臣先生), aged 51, joined our Group in January 2018, and has been an executive Director of our Company since April 2020 and general manager of our Company since March 2020.

From March 2004 to December 2010, he worked at NXP Semiconductors (Shanghai) Co., Ltd. (恩智浦半導體(上海)有限公司), with his last position as the senior regional sales and marketing manager. From January 2011 to November 2015, he served as the general manager of China region at AMS Semiconductor (Shenzhen) Co., Ltd. (艾邁斯半導體(深圳)有限公司). From March 2016 to January 2018, he served as vice president of marketing, sales and business development for China region at PixelWorks Semiconductor (Shanghai) Co., Ltd. (逐點半導體(上海)有限公司), and has been serving as an independent non-executive director since June 2023.

Mr. Zhang obtained a bachelor's degree in information detection technology and instruments and a master's degree in circuits and systems from Shanghai Jiao Tong University (上海交通大學) in China in July 1998 and March 2002, respectively.

Mr. WENG Huaqiang (翁華強先生), aged 38, has been an executive Director of our Company since September 2024.

Mr. Weng joined our Group as senior director of securities affairs in February 2019 and currently serves as the secretary of the Board. Prior to joining our Group, Mr. Weng served as a securities affairs representative at Zhejiang Shouxian Valley Pharmaceutical Co., Ltd. (浙江壽仙谷醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 603896) from December 2016 to February 2019.

Mr. Weng obtained a bachelor's degree in tourism management from Southwestern University of Finance and Economics (西南財經大學) in June 2008. From July 2008 to November 2016, Mr. Weng had been attending to his personal affairs.

Independent Non-executive Directors

Ms. LUO Zhi (羅知女士), aged 42, has been an independent non-executive Director of our Company since September 2024.

Ms. Luo has held a series of academic positions at the School of Economics and Management of Wuhan University (武漢大學), where she served as a lecturer from July 2010 to October 2012, an associate professor from November 2012 to October 2018 and a professor since November 2018. Ms. Luo has assumed the role of associate dean at the School of Economics and Management of Wuhan University (武漢大學) since May 2022.

Ms. Luo has been an independent non-executive director of Wuhan Optics Valley ZOYON Science and Technology Co., Ltd. (武漢光谷卓越科技股份有限公司), a company listed on the National Equities Exchange and Quotations (NEEQ: 873711), since October 2020. She also has been an independent non-executive director of Wuhan Keqian Biology Co., Ltd (武漢科前生物股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 688526), since June 2025.

Ms. Luo obtained her bachelor's degree in economics from Wuhan University (武漢大學) in June 2001, with a specialization in finance through the Mathematical Finance Experimental Class. She subsequently completed her doctoral degree in western economics at the same institution in June 2010.

Ms. CHEN Dong (陳冬女士), aged 48, has been an independent non-executive Director of our Company since October 2023.

Ms. Chen has held a series of academic positions at the School of Economics and Management of Wuhan University (武漢大學), where she was a lecturer from September 2010 to November 2015, an associate professor from December 2015 to November 2023 and a professor since December 2023.

Ms. Chen earned her academic qualifications from Wuhan University (武漢大學), receiving a bachelor's degree in international finance in June 1998, a master's degree in management accounting in June 2006, and a PhD degree in management accounting in June 2010.

Mr. MAO Zhenhua (毛振華先生), aged 61, has been an independent non-executive Director of our Company since January 2026.

Mr. Mao currently serves as a part-time supervisor at Renmin University of China, and also a professor in Dong Fureng Economic & Social Development School (董輔礽經濟社會發展研究院) of Wuhan University, and Business School at the University of Hong Kong.

Mr. Mao has acted as the chairman of China Chengxin Credit Management Co., Ltd. (中國誠信信用管理有限公司) since it was founded in January 1993. Mr. Mao has been an independent non-executive director of Meirui Health International Industry Group Co., Ltd. (美瑞健康國際產業集團有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 2327), since October 2015; an independent non-executive director of China Infrastructure & Logistics Group Ltd. (中國通商集團有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 1719), since January 2016; an independent non-executive director of Shanghai Xinnanyang Only Education & Technology CO., Ltd. (上海新南洋昂立教育科技股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 600661), since June 2022; and an independent non-executive director of China SCE Group Holdings Ltd. (中駿集團控股有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 1966), since May 2023.

Mr. Mao obtained his bachelor's degree in economics and a PhD in economics from Wuhan University (武漢大學) in June 1982 and June 1999, respectively.

Mr. SUN Kai (孫凱先生), aged 40, has been an independent non-executive Director of our Company since January 2026.

Mr. Sun served at Anhui Branch of Huapu Tianjian Certified Public Accountants LLP* (華普天健會計師事務所安徽分所) from September 2007 to September 2014. From October 2014 to December 2017, he was an audit director at Jiangsu Runhe Software Co., Ltd. (江蘇潤和軟件股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 300339). Mr. Sun has served as deputy general manager, chief financial officer and secretary of the board of directors at SBT Ultrasonic Technology Co., Ltd. (上海驕成超聲波技術股份有限公司)), a company listed on the Shanghai Stock Exchange (SHSE: 688392) since December 2017.

Mr. Sun graduated from Tongling University (銅陵學院) and China University of Geosciences (Beijing) (中國地質大學(北京)) in accounting in July 2007 and January 2018, respectively.

SENIOR MANAGEMENT

Our senior management consists of 4 members and is responsible for the day-to-day management and operation of business of our Company. The following table sets forth information regarding the members of senior management of our Company:

Name	Age	Positions	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. ZHANG Jianchen (張建臣先生) . .	51	General manager	January 2018	March 2020	Responsible for overall operational management of our Group
Mr. WENG Huaqiang (翁華強先生) . .	38	Secretary of the Board	February 2019	September 2024	Responsible for Board-related matters, overall information disclosure and investor relationship of our Group
Ms. YANG Yi (楊翌女士) . . .	51	Deputy General Manager and Chief Financial Officer	January 2018	January 2018	Responsible for financial planning and management of our Group
Mr. FU Zhijun (傅志軍先生) . .	51	Senior Vice President of R&D	April 2020	April 2020	Overall strategic planning and management of the R&D of our Group

Mr. ZHANG Jianchen (張建臣先生), aged 51, is general manager of our Company. For his biography, see "— Directors — Executive Directors."

Mr. WENG Huaqiang (翁華強先生), aged 38, is the secretary of the Board. For his biography, see "— Directors — Executive Directors."

Ms. YANG Yi (楊翌女士), aged 51, joined our Group in January 2018, and has been the deputy general manager and chief financial officer of our Company since then.

Ms. Yang worked at Hangzhou Tongpu Electrical Appliance Company* (杭州通普電器公司) from July 1995 to November 1997. After Ms. Yang's departure from Hangzhou Tongpu Electrical Appliance Company, she served at Zhejiang Orient Certified Public Accountants Firm* (浙江東方會計師事務所) until December 2000. Ms. Yang served at Zhejiang Tianqiao International Investment Co., Ltd.* (浙江天橋國際投資有限公司) from December 2000 to June 2002. From July 2002 to August 2015, she successively served as deputy general manager and director at Sunwave Communications Co., Ltd. (三維通信股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 002115). From September 2015 to August 2017, she held the positions of director, vice president and chief financial officer at Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 300349).

Ms. Yang obtained a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學) in China in June 1995 and a master's degree in business administration from Zhejiang University (浙江大學) in China. Ms. Yang also holds a senior accountant qualification certificate granted by Zhejiang Provincial Department of Personnel (浙江省人事廳) (now known as Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳)), in August 2008.

Mr. FU Zhijun (傅志軍先生), aged 51, has been the senior vice president of R&D of our Company since April 2020.

From July 2000 to July 2001, Mr. Fu worked at Shanghai Minqin Electronic Technology Co., Ltd.* (上海敏勤電子技術有限公司). From July 2001 to August 2006, he successively served at Xincheng Semiconductor (Shanghai) Co., Ltd.* (芯成半導體（上海）有限公司). From August 2006 to December 2008, he served at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信（上海）有限公司). From December 2008 to October 2014, he served at Shanghai Huahong Integrated Circuit Co., Ltd.* (上海華虹集成電路有限責任公司). From January 2015 to July 2016, he worked served at Shanghai Institute of Microsystem and Information Technology* (上海微技術工業研究院). From January 2017 to March 2018, he served at Brite Semiconductor (Shanghai) Co., Ltd. (燦芯半導體（上海）股份有限公司) (SHSE: 688691). From March 2018 to June 2019, he served at Wuhan Xinxin Semiconductor Manufacturing Co., Ltd.* (武漢新芯集成電路製造有限公司). Mr. Fu served at of Shanghai Youci Information Technology Co., Ltd.* (上海佑磁信息科技有限公司) from June 2019 to April 2020.

Mr. Fu obtained a bachelor's degree in microelectronics and a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 1997 and July 2000, respectively.

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any 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 date of this document; and (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. WENG Huaqiang (翁華強先生) has been appointed as our joint company secretary. See "— Senior Management" above for Mr. Weng's biography.

Ms. Ho Sze Wah, Cecilia (何詩華) has been appointed as one of our joint company secretaries. Ms. Ho has over 6 years of experience in company secretarial services and corporate governance for both Hong Kong and multinational corporations. She is currently the assistant manager of Global Entity Compliance at Computershare Hong Kong Investor Services Limited. Ms. Ho holds a master's degree in City University of Hong Kong and a bachelor's degree of Business Administration and Management from De Montfort University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

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 in January 2026 and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or 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 the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10(2) of the Listing Rules

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations in the PRC, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have 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 primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, oversee and evaluate external audit work, and propose the appointment or replacement of external audit firms, ensure coordination between internal and external audits review relevant financial information and its disclosure of our Group and provide advice and comments to the Board. We have decided to change the name of the Audit Committee to the Audit and Risk Management Committee, effective upon the [**REDACTED**], to incorporate the responsibilities of overseeing our financial reporting system, risk management and internal control systems. The Audit Committee consists of three members, namely Ms. CHEN Dong, Ms. LUO Zhi and Mr. SUN Kai, with Ms. CHEN Dong being the chairperson of the Audit Committee. Mr. SUN Kai has the appropriate professional experience as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to evaluate and make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review

performance based remuneration and ensure none of our Directors determine their own remuneration, formulate or amend equity incentive plans and employee shareholding schemes, and arrange Directors and senior management to participate in shareholding plans. The Remuneration and Evaluation Committee consists of three members, namely Ms. LUO Zhi, Ms. CHEN Dong and Mr. CHEN Zuotao, with Ms. LUO Zhi being the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment or removal of Directors and management of Board successions. The Nomination Committee consists of three members, namely Mr. SUN Kai, Ms. LUO Zhi and Mr. CHEN Zuotao, with Mr. SUN Kai being the chairperson of the Nomination Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to devise and advise on the long-term strategy and material investment decisions of our Company. We have decided to change the name of the Strategy Committee to the Strategy and ESG Committee, effective upon the [**REDACTED**], to incorporate the responsibilities of evaluating and determining the ESG-related risks and opportunities, and ensure an appropriate and effective ESG risk management system is in place. The Strategy and ESG Committee will make recommendations to our Board on sustainable development planning and ESG related matters, in particular, the aspects as stipulated in the Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules, including climate-related themes and topics. The Strategy Committee consists of three members, namely Mr. CHEN Zuotao, Mr. ZHANG Jianchen and Mr. MAO Zhenhua, with Mr. CHEN Zuotao being the chairperson of the Strategy Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**].

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes 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 Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, 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 and regional experience.

In particular, our Company currently has two female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have four independent non-executive Directors with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board

diversity policy. Pursuant to the board diversity policy, the 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 formal adoption.

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind.

For the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2026, the total remuneration (including share-based compensation) paid to our Directors amounted to RMB4.2 million, RMB10.9 million, RMB11.5 million and RMB1.8 million, respectively.

For the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2026, the total remuneration (including share-based compensation) paid to the five highest paid individuals (excluding Directors) by us amounted to RMB12.3 million, RMB9.4 million, RMB12.2 million and RMB10.2 million, respectively.

For the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2026, no payment was made to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

The remuneration of our Director and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

Save as disclosed above and in "Financial Information," "Accountants' Report" and "Statutory and General Information," no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration (including share-based compensation), excluding discretionary bonus, of our Directors for the year ending December 31, 2026 to be approximately RMB9.23 million.

See the Accountants' Report in Appendix I for details on remuneration paid to our Directors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, and paragraphs headed "Statutory and General Information — D. Our Incentive Plans" in Appendix IV for details regarding the incentive plans for our Directors and senior management.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of appointment of the Compliance Advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB158,902,569, comprising 158,902,569 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange STAR Market.

	Number of Shares	Approximate % of issued share capital
A Shares in issue	158,902,569	100.00%
Total	**158,902,569**	**100.00%**

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and that there will be no change in the total issued share capital of our Company other than the [**REDACTED**], the share capital of our Company will be as follows:

	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	158,902,569	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

Immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is fully exercised and that there will be no change in the total issued share capital of our Company other than the [**REDACTED**], the share capital of our Company will be as follows:

	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	158,902,569	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

OUR SHARES

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

RANKING

The differences between A Shares and H Shares, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of Share transfer, appointment of dividend receiving agents and other matters are set out in our Articles of Association and summarized in the section headed "Summary of the Articles of Association" in Appendix III to this document.

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

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] 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股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong 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 Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We 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 January 16, 2026. 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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) *Target* [**REDACTED**]. The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory authorities to invest abroad in [**REDACTED**].

(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 [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and [**REDACTED**] process, subject to the domestic and overseas capital market conditions.

(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' meeting was held on January 16, 2026. If the Company obtains the approvals from the relevant regulatory authorities for the [**REDACTED**] and [**REDACTED**] of H Shares within the 24 months validity period, the validity period will be automatically extended to the later of the completion date of the [**REDACTED**] or the exercise of the [**REDACTED**].

There is no other approved [**REDACTED**] plans for the Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meetings is required, see "Summary of the Articles of Association — Shareholders and Shareholders' Meetings" in Appendix III to this document.

RESTRICTED SHARE INCENTIVE PLANS

As at the Latest Practicable Date, the Company has adopted the Restricted Share Incentive Plans. No restricted Shares under the Restricted Share Incentive Plans will be further granted after the [**REDACTED**] and all granted restricted Shares have been granted to specific individuals under the Restricted Share Incentive Plans. For details, please refer to "Statutory and General Information — D. Our Incentive Plans" in Appendix IV to this document.

Immediately following completion of the [**REDACTED**], assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares 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:

				Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Name of Shareholder	**Nature of interest[1]**	**Description of Shares**	**Number and class of Shares directly or indirectly held**	**Approximate % of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate % of shareholding in the total share capital of our Company immediately after the [REDACTED]**	**Approximate % of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate % of shareholding in the total share capital of our Company immediately after the [REDACTED]**
Mr. CHEN Zuotao . . .	Interest in controlled corporation	A Shares	33,414,920	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Mr. CHEN Zuoning . .	Interest of a close relative	A Shares	33,414,920	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Tianhao Investment . .	Interest in controlled corporation	A Shares	33,414,920	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Tianhao Technology . .	Beneficial owner	A Shares	33,414,920	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Note:

(1) Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through Tianhao Technology, which directly owns 33,414,920 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

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 section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Disclosure of Interests — (b) Interests of substantial shareholders" in Appendix IV to this document.

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contains 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 global leader in high-performance non-volatile memory chip design. We operate with a fabless model, focusing on the design process and outsourcing wafer fabrication, packaging and testing. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering (i) key non-volatile memory chips, such as serial presence detect (SPD) chips — our primary product under this category, electrically erasable programmable read-only memory (EEPROM) chips and Not-OR flash (NOR Flash) chips, (ii) lens driver chips, and (iii) near field communication (NFC) chips together with supporting solutions. According to Frost & Sullivan, we are the third largest EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023, 2024 and 2025 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

We have captured significant market opportunities. According to Frost & Sullivan, in 2025, we held over 40% of the global DDR5 SPD chip market by revenue and 14.8% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments. We have achieved sustained growth during the Track Record Period. Our revenue increased from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, and further increased to RMB1,221.3 million in 2025. Our revenue increased from RMB261.1 million for the three months ended March 31, 2025 to RMB280.0 million for the same period in 2026. Our net profit recorded a substantial increase from 2023 to 2025, rising from RMB82.7 million in 2023 to RMB276.0 million in 2024, and further to RMB355.8 million in 2025, leading to a net profit margin of 11.8%, 26.8% and 29.1% in 2023, 2024 and 2025, respectively. Due to changes in our product mix, planned increased in R&D expenditure, absence of gains on investment in listed securities, and additional equity-settled share-based compensation, our net profit recorded a decrease from RMB97.4 million for the three months ended March 31, 2025 to RMB32.5 million for the same period in 2026, with a net profit margin of 37.3% and 11.6%, respectively.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of our historical financial information have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants' Report in Appendix I to this document. Our historical financial information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules. The accounting policies set out in Note 2.3 of the Accountants' Report in Appendix I to this document have been applied consistently to Track Record Period presented in our historical financial information.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. Estimates and judgements are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 of the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and financial performance are influenced by a variety of macroeconomic and industry-specific factors that affect the global economy and the semiconductor industry.

These include overall economic growth, developments in cloud computing and AI infrastructure, latest government policies and regulations, fluctuations in material costs, and the competitive landscape. Any adverse changes in these factors could dampen demand for our products and materially impact our business and results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations:

Industry Demands and Our Continued Ability to Capture Growth Opportunities

Our business operations and financial performance are affected by industry demands, which are highly correlated to downstream applications.

We have capitalized on the significant unmet need of the AI era for high-performance memory chips and captured the various market opportunities brought by this development trend. Our products now span core scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics. As we continue to leverage our memory chip technologies into emerging high growth verticals such as new energy systems, industrial power and control and AIDC power supplies, we expect that the demand in these markets will also have a material effect on our results of operations.

In addition, our continued ability to drive technological innovation, to maintain, expand and upgrade our product portfolio, and to address evolving downstream requirements, are key to our business growth and results of operations. To meet industry demands and maintain our competitiveness, we focus on R&D to enrich our product portfolio and expand business footprints. Building on our leadership in memory chips, we continually track industry trends and long-term customer needs, and actively develop new memory and mixed signal chip solutions that will create value for our customers and us.

Our Ability to Maintain and Deepen Our Engagement with Existing Customers, and Expand Our Customer Base

Our performance is in part driven by our ability to expand and extend our relationship with existing customers and attract new customers. We are committed to maintaining and deepening relationships with existing customers while seek to continuously broadening our customer base. Meeting customer demands requires not only competitive products but also proven reliability. While memory chips may account for only a portion of our customers' products, their performance and reliability are critical to the success of our customers' downstream applications. We have emerged as the second largest DDR5 SPD chip provider in the world, with over 40.0% market share by revenue in 2025, according to Frost & Sullivan.

Notably, our ability to meet customer demands is also reflected in our long-standing relationships with globally renowned leading memory manufacturers and automotive and consumer-electronics companies. Long-standing trust and collaboration open the door to deeper engagement and more cross-selling opportunities. For example, in memory modules, our long-standing SPD leadership opened the door to VPD for next-generation eSSD and CXL memory modules. In automotive electronics, we have expanded from displays and infotainment to body, chassis, and electrified powertrain. In smartphones, we have broadened from EEPROM into lens driver chips, increasing platform coverage with key customer accounts.

In addition, our long-term growth and operating results will depend in part on our ability to attract more customers across different verticals. Many of our customers apply our semiconductor products and solutions across their operations to ensure consistent, high-quality output and optimal experience of their own products for their end users. We expect to continue to increase our investment in customer outreach, sales and marketing efforts to enhance brand awareness and acquire new customers from various verticals. We believe that our efforts to retain existing customers and attract new ones will have a positive long-term impact on our business and results of operations.

Innovate and Enrich Our Product and Solution Offerings

Our continued growth depends, in part, on our ability to improve and broaden the variety and application of our semiconductor products and solutions, which will enable us to further secure design wins, increase market share, expand cross-selling opportunities, and reach customers in a broader range of verticals and use cases.

As we offer a diversified portfolio of high-quality semiconductor solutions for a wide range of consumer and industrial applications, our gross profit margin varies across business lines, and may also differ between the product types we offer within each business line, due to a variety of factors such as technological advancement, pricing power, demand in the verticals, product tiering strategy, stages in the product life cycle, and availability of competing products. Changes to our product mix, whether in response to our business strategies, the global and domestic market conditions, government policies or other factors, may affect our results of operations over time. We intend to continually monitor and adjust our product mix across business lines to maximize our revenue and profitability.

We strive to work closely with current and prospective customers to anticipate their requirements and product roadmaps. This better enables us to develop innovative semiconductor solutions designed for their needs and achieve design wins. Although design wins are not binding commitments by customers to purchase our products and solutions, we believe that achieving design wins is an important performance indicator. Once our products have been designed into a system, the customers are typically reluctant to alter their designs due to the significant costs and time associated with qualifying a new supplier or a replacement component, and we endeavor to maintain our incumbent position with our customers by continually improving our products and solutions to meet their evolving needs. Our long-term sales expectations are based on forecasts from customers and internal estimates of demand factoring in the expected time-to-market of the final products incorporating our solutions and their respective sales potential.

Our ability to continually enhance our technology capabilities

Our business growth depends in part on our ability to invest in technology to effectively meet the demands of our anticipated growth. We have made, and will continue to make, significant investments in developing our underlying technology capabilities to expand the capabilities and scale of our product and solution offerings. Building on our well-established non-volatile memory chips design and process platforms, we deliver category-defining SPD chips, EEPROM and NOR Flash that feature raised write-cycle capability, reduced leakage and charge loss, and stabilized program/erase behavior.

In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, RMB207.8 million and RMB66.7 million. We believe the further enhancement of our technologies is central to our future development. We will continue to invest in our research and development activities, including talent recruitment, and to deepen cooperation with global foundries and packaging and testing service providers to ensure we remain at the forefront of EEPROM and DDR5 SPD chip markets. As a result, we expect the investments and expenses associated with our technology capabilities to continue to grow to support our business growth. We believe the investments in technology will drive overall long-term growth.

Manage Supply Chain and Improve Operational Efficiency

Supply chain management capabilities have a direct and significant impact on our business operations and financial results. As a fabless IC design company, we rely on third-party foundries for wafer fabrication, packaging and testing. Building strong, long-term partnerships with key production partners is essential to securing stable capacity allocation and fostering close collaboration on the production end. This is particularly critical during periods of high industry demand, where capacity allocation, reservation, and production scheduling play a vital role. Accurate forecasting and communication of wafer demands are equally important in avoiding costly delays and supply bottlenecks. We have also established a structured supplier management system to ensure our product quality, which requires all core suppliers to hold an ISO 9001 Quality Management System certification. Our ability to manage the supply chain and ensure product quality can impact our financial performance.

Looking ahead, we aim to maintain the resilience of our supply chains by strengthening cooperation with top-tier suppliers worldwide and diversifying our suppliers. This approach will help us secure a stable supply of critical materials, improve operational efficiency, and better navigate an evolving market landscape.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 3 to the Accountants' Report included in Appendix I to this document.

SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years/periods indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Revenue	703,477	100.0	1,028,277	100.0	1,221,284	100.0	261,066	100.0	279,994	100.0
Cost of sales	(375,738)	(53.4)	(464,688)	(45.2)	(521,612)	(42.7)	(103,665)	(39.7)	(142,980)	(51.1)

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Gross profit	**327,739**	**46.6**	**563,589**	**54.8**	**699,672**	**57.3**	**157,401**	**60.3**	**137,014**	**48.9**
Other income and gains	31,373	4.5	53,095	5.2	58,872	4.8	22,852	8.8	7,823	2.8
Selling and marketing expenses	(49,368)	(7.0)	(55,527)	(5.4)	(46,972)	(3.8)	(9,776)	(3.7)	(12,977)	(4.6)
Administrative expenses	(51,888)	(7.4)	(63,847)	(6.2)	(76,685)	(6.3)	(15,622)	(6.0)	(25,471)	(9.1)
Research and development expenses	(160,807)	(22.9)	(175,610)	(17.1)	(207,815)	(17.0)	(41,041)	(15.7)	(66,732)	(23.8)
Other expenses	(11,128)	(1.6)	(21,024)	(2.0)	(42,630)	(3.5)	(9,047)	(3.5)	(6,897)	(2.5)
Finance costs	(383)	(0.1)	(344)	–	(255)	–	(73)	–	(45)	–
Reversal of impairment losses/ (impairment losses) on financial assets, net	729	0.1	(40)	–	(759)	(0.1)	(171)	(0.1)	136	–
Share of losses of associates	(1,603)	(0.2)	(1,721)	(0.2)	(3,649)	(0.3)	(591)	(0.2)	(604)	(0.2)
Profit Before Tax	**84,664**	**12.0**	**298,571**	**29.0**	**379,779**	**31.1**	**103,932**	**39.8**	**32,247**	**11.5**
Income tax (expense)/credit	(1,969)	(0.3)	(22,531)	(2.2)	(23,941)	(2.0)	(6,493)	(2.5)	283	0.1
Profit for the Year/Period	**82,695**	**11.8**	**276,040**	**26.8**	**355,838**	**29.1**	**97,439**	**37.3**	**32,530**	**11.6**
Attributable to:										
Owners of the parent	100,358	14.3	290,270	28.2	363,576	29.8	99,481	38.1	30,844	11.0
Non-controlling interests	(17,663)	(2.5)	(14,230)	(1.4)	(7,738)	(0.6)	(2,042)	(0.8)	1,686	0.6

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by adding back equity settled share-based payments. Share-based payments which is equity-settled, are related to our restricted A share incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Equity-settled share-based payment expenses are non-cash in nature. Accordingly, we exclude the impact of these share-based payment expenses. We define adjusted net profit margin (non-IFRS measure) as adjusted net profit (non-IFRS measure) to divide corresponding revenue of the year/period. We believe that non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of non-IFRS measures for the year/period may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles non-IFRS measures for the periods presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(in thousands, except for percentages)			*(unaudited)*	
Profit for the year/period	82,695	276,040	355,838	97,439	32,530
Adjusted for:					
Equity-settled share-based payment arrangements	44,643	29,292	32,329	3,637	23,852
Adjusted net profit (non-IFRS measure)	**127,338**	**305,332**	**388,167**	**101,076**	**56,382**
Adjusted net profit margin (non-IFRS measure)	**18.1%**	**29.7%**	**31.8%**	**38.72%**	**20.14%**

Our adjusted net profit (non-IFRS measure) increased significantly from RMB127.3 million in 2023 to RMB305.3 million in 2024, and further increased to RMB388.2 million in 2025. The increase in adjusted net profit (non-IFRS measure) was primarily due to the continued increase in our profit for the year, driven by increased revenue contribution from SPD chips, automotive-grade chips and industrial-grade memory chips, partially offset by the fluctuations in equity-settled share-based payment arrangements added back each year. Our adjusted net profit (non-IFRS measure) decreased from RMB101.1 million in the three months ended March 31, 2025 to RMB56.4 million for the same period in 2026, primarily due to changes in our product mix, absence of gains on investment in listed securities and increased R&D expenses.

Revenue

During the Track Record Period, our revenue was primarily derived from design and sales of (i) non-volatile memory chips, (ii) lens driver chips and (iii) NFC chips and others.

The following table sets forth a breakdown of our revenue by business line during the Track Record Period, both in absolute amounts and as percentages of total revenue, for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-volatile memory chips	561,688	79.8	885,989	86.2	1,069,499	87.6	232,069	88.9	247,512	88.4
Lens driver chips	87,163	12.4	105,010	10.2	113,922	9.3	21,345	8.2	16,619	5.9
NFC chips and others	54,626	7.8	37,278	3.6	37,863	3.1	7,652	2.9	15,863	5.7
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Our revenue saw a significant increase by 46.2% from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, and by 18.8% from RMB1,028.3 million in 2024 to RMB1,221.3 million in 2025. The continued increase was primarily attributable to the robust growth of our non-volatile memory chips business, mainly attributable to increased revenue contribution from (i) SPD chips, mainly driven by accelerated adoption of AI applications, (ii) automotive-grade chips, mainly driven by the rising trend of intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications. Our revenue increased by 7.3% from RMB261.1 million for the three months ended March 31, 2025 to RMB280.0 million for the three months ended March 31, 2026, primarily driven by increased sales of (i) automotive-grade memory chips and industrial-grade memory chips, mainly attributable to our deeper market penetration due to continuous market expansion efforts and technological advancements, as well as orders we secured from leading international automotive brands; and (ii) NFC chips, as we expanded into new application scenarios.

The following table sets forth a breakdown of our revenue by sales channel for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Direct sales	220,064	31.3	473,394	46.0	593,772	48.6	140,753	53.9	111,303	39.8
Distribution	483,413	68.7	554,883	54.0	627,512	51.4	120,313	46.1	168,691	60.2
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

In addition to the above, our results of operations are also reported by location. The following table sets forth a breakdown of our revenue by region for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Chinese Mainland[(1)]	379,027	53.9	468,877	45.6	567,605	46.5	107,988	41.4	151,716	54.2
Macau, Hong Kong and Taiwan[(1)]	260,674	37.1	465,170	45.2	579,046	47.4	132,849	50.9	110,582	39.5
South Korea[(1)]	40,486	5.8	66,655	6.5	48,362	4.0	14,359	5.5	9,390	3.4
Other countries/regions[(1)(2)]	23,290	3.2	27,575	2.7	26,271	2.1	5,870	2.2	8,306	3.0
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**1,221,284**	**100.0**	**261,066**	**100.0**	**279,994**	**100.0**

Notes:

(1) The revenues we report by geography are based on locations where the customers are incorporated.

(2) Comprising Vietnam, United States, Singapore, Germany, Japan, Thailand, Israel, Philippines and Indonesia.

Cost of Sales

Our cost of sales were primarily related to costs of (i) wafers, (ii) packaging and testing services we procured and (iii) other miscellaneous costs.

The table below sets forth a breakdown of our cost of sales for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Wafer costs	241,085	64.2	313,348	67.4	352,287	67.5	69,603	67.1	95,498	66.8
Packaging and testing costs	128,406	34.2	141,333	30.4	153,817	29.5	31,048	30.0	41,351	28.9
Others	6,247	1.6	10,007	2.2	15,508	3.0	3,014	2.9	6,131	4.3
Total	**375,738**	**100.0**	**464,688**	**100.0**	**521,612**	**100.0**	**103,665**	**100.0**	**142,980**	**100.0**

During the Track Record Period, our cost structure remained relatively stable. Our cost of sales increased by 23.7% from RMB375.7 million in 2023 to RMB464.7 million in 2024, generally in line with our increased sales revenue. Our cost of sales increased by 12.2% from RMB464.7 million in 2024 to RMB521.6 million in 2025, primarily as a result of our expanded sales. Our cost of sales increased by 37.9% from RMB103.7 million for the three months ended March 31, 2025 to RMB143.0 million for the three months ended March 31, 2026, mainly attributable to changes in our product sales mix.

The table below sets forth a breakdown of our cost of sales by business line for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Non-volatile memory chips	270,633	72.0	352,321	75.8	403,062	77.3	79,919	77.1	115,995	81.1
Lens driver chips	75,041	20.0	84,745	18.2	88,350	16.9	17,421	16.8	14,122	9.9
NFC chips and others	30,064	8.0	27,622	6.0	30,200	5.8	6,325	6.1	12,863	9.0
Total	**375,738**	**100.0**	**464,688**	**100.0**	**521,612**	**100.0**	**103,665**	**100.0**	**142,980**	**100.0**

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business line for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Non-volatile memory chips	291,055	51.8	533,668	60.2	666,437	62.3	152,150	65.6	131,517	53.1
Lens driver chips	12,122	13.9	20,265	19.3	25,572	22.4	3,924	18.4	2,497	15.0
NFC chips and others	24,562	45.0	9,656	25.9	7,663	20.2	1,327	17.3	3,000	18.9
Total/Overall	**327,739**	**46.6**	**563,589**	**54.8**	**699,672**	**57.3**	**157,401**	**60.3**	**137,014**	**48.9**

As a result of the foregoing, in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, we recorded gross profit of RMB327.7 million, RMB563.6 million, RMB699.7 million, RMB157.4 million and RMB137.0 million, respectively. Our overall gross margin was 46.6%, 54.8%, 57.3%, 60.3% and 48.9% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

For non-volatile memory chips, we recorded gross profit of RMB291.1 million, RMB533.7 million, RMB666.4 million, RMB152.2 million and RMB131.5 million, and gross margin of 51.8%, 60.2%, 62.3%, 65.6% and 53.1% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

For lens driver chips, we recorded gross profit of RMB12.1 million, RMB20.3 million, RMB25.6 million, RMB3.9 million and RMB2.5 million and gross margin of 13.9%, 19.3%, 22.4%, 18.4% and 15.0% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

For NFC chips and others, we recorded gross profit of RMB24.6 million, RMB9.7 million, RMB7.7 million, RMB1.3 million and RMB3.0 million, and gross margin of 45.0%, 25.9%, 20.2%, 17.3% and 18.9% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our gross profit and gross margin by region for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Chinese Mainland[(1)]	100,387	26.5	129,247	27.6	185,232	32.6	38,575	35.7	42,193	27.8
Macau, Hong Kong and Taiwan[(1)]	193,606	74.3	378,796	81.4	470,483	81.3	106,879	80.5	84,225	76.2
South Korea[(1)]	20,976	51.8	38,729	58.1	27,614	57.1	8,170	56.9	4,935	52.6
Other countries/ regions[(1)(2)]	12,769	54.8	16,818	61.0	16,344	62.2	3,777	64.3	5,661	68.2
Total/Overall	**327,739**	**46.6**	**563,589**	**54.8**	**699,672**	**57.3**	**157,401**	**60.3**	**137,014**	**48.9**

Notes:

(1) Based on locations where the customers are incorporated.

(2) Comprising Vietnam, United States, Singapore, Germany, Japan, Thailand, Israel, Philippines and Indonesia.

The following table sets forth a breakdown of our gross profit and gross margin by sales channel for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Direct sales	170,300	77.4	382,092	80.7	475,186	80.0	113,376	80.5	78,709	70.7
Distribution	157,438	32.6	181,498	32.7	224,486	35.8	44,025	36.6	58,305	34.6
Total/Overall	**327,739**	**46.6**	**563,589**	**54.8**	**699,672**	**57.3**	**157,401**	**60.3**	**137,014**	**48.9**

Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the years/periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)	*(unaudited)*	
Other income					
Government grants	14,522	9,550	3,130	547	381
Bank interest income	11,170	10,383	16,291	1,749	857
Interest income from time deposits	–	–	4,133	348	817
Additional VAT deduction	–	2,472	1,079	411	–
Reversal of write-down of inventories to net realisable value	–	–	–	–	1,311
Others	162	299	233	208	441
Total other income	25,854	22,704	24,866	3,263	3,807
Other gains					
Foreign exchange differences, net	–	6,816	–	–	–
Gain on financial assets at fair value through profit or loss	4,698	23,192	33,241	19,526	4,016
Others	821	383	765	63	–
Total other gains	5,519	30,391	34,006	19,589	4,016
Total other income and gains	**31,373**	**53,095**	**58,872**	**22,852**	**7,823**

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, other income and gains amounted to RMB31.4 million, RMB53.1 million, RMB58.9 million, RMB22.9 million and RMB7.8 million, representing 4.5%, 5.2%, 4.8%, 8.8% and 2.8% of our total revenue, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) salaries and remuneration, (ii) equity-settled share-based payment, (iii) entertainment expenses, (iv) commissions and service fees, (v) travel expenses, and (vi) other expenses. The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Salaries and Remuneration	21,093	42.7	25,798	46.5	24,123	51.4	5,026	51.4	5,054	38.9
Equity-settled Share-based Payment	13,326	27.0	11,826	21.3	8,754	18.6	1,495	15.3	4,317	33.3
Entertainment Expenses	4,379	8.9	5,099	9.2	4,355	9.3	1,318	13.5	1,222	9.4
Commissions and Service Fees	5,858	11.9	7,027	12.7	3,892	8.3	824	8.4	834	6.4
Travel Expenses	1,988	4.0	2,388	4.3	2,422	5.2	411	4.2	497	3.8
Others[(1)]	2,724	5.5	3,389	6.0	3,426	7.2	702	7.2	1,053	8.2
Total	**49,368**	**100.0**	**55,527**	**100.0**	**46,972**	**100.0**	**9,776**	**100.0**	**12,977**	**100.0**

Note:

(1) Mainly comprising depreciation and amortization costs, rental expenses, exhibition expenses, insurance expenses, office expenses and other miscellaneous expenses.

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our selling and marketing expenses amounted to RMB49.4 million, RMB55.5 million, RMB47.0 million, RMB9.8 million and RMB13.0 million, representing 7.0%, 5.4%, 3.8%, 3.7% and 4.6% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consisted of (i) salaries and remuneration, (ii) office expenses, (iii) taxes and surcharges, (iv) depreciation and amortization, (v) lease expense and depreciation of right-of-use assets, (vi) service fees, (vii) equity-settled share-based payment, (viii) bank service charges, and (ix) other expenses. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Salaries and Remuneration	16,106	31.0	26,396	41.3	31,630	41.2	6,070	38.9	8,226	32.3

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Office Expenses	6,525	12.6	7,133	11.2	8,318	10.8	1,165	7.5	1,086	4.3
Taxes and Surcharges	6,149	11.9	6,866	10.8	6,979	9.1	1,643	10.5	3,180	12.5
Depreciation and Amortization	5,462	10.5	6,558	10.3	7,116	9.3	2,555	16.4	2,619	10.3
Lease Expense and Depreciation of Right-of-Use Assets	3,245	6.3	3,582	5.6	4,413	5.8	540	3.5	511	2.0
Service Fees	4,493	8.7	4,649	7.3	3,703	4.8	1,583	10.1	816	3.2
Equity-settled Share-based Payment	6,429	12.4	4,349	6.8	7,557	9.9	573	3.7	7,575	29.7
Bank Service Charges	264	0.5	220	0.3	328	0.4	55	0.4	181	0.7
Other Expenses[(1)]	3,215	6.1	4,094	6.4	6,641	8.7	1,438	9.0	1,277	5.0
Total	**51,888**	**100.0**	**63,847**	**100.0**	**76,685**	**100.0**	**15,622**	**100.0**	**25,471**	**100.0**

Note:

(1) Mainly comprising hospitality expenses, disability employment security funds, and other miscellaneous expenses.

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our administrative expenses amounted to RMB51.9 million, RMB63.8 million, RMB76.7 million, RMB15.6 million and RMB25.5 million, representing 7.4%, 6.2%, 6.3%, 6.0% and 9.1% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consisted of (i) salaries and remuneration, (ii) material consumption cost, (iii) mask set cost, (iv) equity-settled share-based payment, (v) software license fee, and (vi) others. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Salaries and Remuneration	75,656	47.0	101,713	57.9	117,076	56.3	27,143	66.1	30,332	45.5
Mask Set Cost	33,504	20.8	26,682	15.2	21,163	10.2	5,798	14.1	4,052	6.1
Material Consumption Cost	10,478	6.5	12,288	7.0	15,576	7.5	2,940	7.2	1,083	1.6
Equity-settled Share-based Payment	24,888	15.5	13,117	7.5	15,252	7.3	1,569	3.8	10,894	16.3
Software License Fee	6,587	4.1	8,635	4.9	8,285	4.0	1,677	4.1	1,767	2.6
Others[(1)]	9,694	6.1	13,175	7.5	30,463	14.7	1,914	4.7	18,604	27.9
Total	**160,807**	**100.0**	**175,610**	**100.0**	**207,815**	**100.0**	**41,041**	**100.0**	**66,732**	**100.0**

Note:

(1) Mainly comprising outsourced research expenses, testing expenses, travelling expenses and other miscellaneous expenses.

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, RMB207.8 million, RMB41.0 million and RMB66.7 million, representing 22.9%, 17.1%, 17.0%, 15.7% and 23.8% of our total revenue, respectively.

Other Expenses

Our other expenses consisted of (i) foreign exchange differences, net, (ii) donations, (iii) write-down of inventories to net realizable value and (iv) others. The following table sets forth a breakdown of our other expenses for the years/periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		
				(unaudited)	
Foreign exchange differences, net	925	–	10,910	222	6,860
Donations	2,000	3,800	100	–	–
Write-down of inventories to net realisable value	7,640	17,017	30,972	8,804	–
Others	563	207	648	21	37
Total	**11,128**	**21,024**	**42,630**	**9,047**	**6,897**

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our other expenses amounted to RMB11.1 million, RMB21.0 million, RMB42.6 million, RMB9.0 million and RMB6.9 million, representing 1.6%, 2.0%, 3.5%, 3.5% and 2.5% of our total revenue, respectively.

Finance Costs

Our finance costs represented interest we incurred on lease liabilities. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our finance costs were RMB0.4 million, RMB0.3 million, RMB0.3 million, RMB73 thousand and RMB45 thousand, respectively.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

Our reversal of impairment losses/(impairment losses) on financial assets, net primarily are in relation to provisions we made for bad debt on trade and bills receivables, based on assessment of our customers' ability to make payments to us when they became due. In 2023, we recorded a net reversal of impairment losses on financial assets of RMB0.7 million. In 2024 and 2025, we recognized net impairment losses on financial assets of RMB40.0 thousand and RMB0.8 million, respectively. We recorded a net impairment losses on financial assets of RMB0.2 million for the three months ended March 31, 2025, and a net reversal of impairment losses on financial assets of RMB0.1 million for the three months ended March 31, 2026.

Share of Losses of Associates

In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, due to the net loss of associates, we recorded our share of losses of associates of RMB1.6 million, RMB1.7 million, RMB3.6 million, RMB0.6 million and RMB0.6 million, respectively.

Income Tax (Expenses)/Credit

In 2023, 2024 and 2025, we recorded income tax expense of RMB2.0 million, RMB22.5 million and RMB23.9 million, respectively. We recorded income tax expense of RMB6.5 million for the three months ended March 31, 2025, and income tax credit of RMB0.3 million for the three months ended March 31, 2026.

Chinese Mainland

Effective on January 1, 2008, our Company and our subsidiaries registered in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for our Company and following subsidiaries which are entitled to tax preferential treatment set out below:

According to the announcement on preferential corporate income tax policies for integrated circuit and software industries, the Company was entitled to a preferential tax rate of 10% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026. Such qualification is subject to review by the relevant PRC governmental authorities every year. Shanghai Judong Semiconductor Co., Ltd. was accredited as a "High and New Technology Enterprise" and therefore entitled to a preferential corporate income tax rate of 15% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026. Such qualification is subject to review by the relevant PRC governmental authorities every three years.

During the Track Record Period, our Company was entitled to claim 220% of our qualified research and development expenses as tax deductible expenses. One of our subsidiaries was entitled to claim 200% of its qualified research and development expenses as tax deductible expenses.

Hong Kong

Our subsidiary located in Hong Kong which is a qualifying entity is subject to the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026.

The United States

Our subsidiary incorporated in the United States was subject to federal and state corporate income taxes at the rates of 21% and 8.84% of taxable income, respectively, for 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026.

Singapore

Our subsidiary located in Singapore was subject to corporate income tax at a tax rate of 17% during 2024, 2025 and the three months ended March 31, 2025 and 2026.

Net Profit

As a result, we recorded profit for the year/period of RMB82.7 million, RMB276.0 million and RMB355.8 million, RMB97.4 million and RMB32.5 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. For details, see "— Period to Period Comparison of Results of Operations."

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

Our revenue increased by 7.3% from RMB261.1 million for the three months ended March 31, 2025 to RMB280.0 million for the three months ended March 31, 2026, primarily driven by increased sales of (i) automotive-grade memory chips and industrial-grade memory chips, mainly attributable to our deeper market penetration due to continuous market expansion efforts and technological advancements, as well as orders we secured from leading international automotive brands; and (ii) NFC chips, as we expanded into new application scenarios.

Cost of sales

Our cost of sales increased by 37.9% from RMB103.7 million for the three months ended March 31, 2025 to RMB143.0 million for the three months ended March 31, 2026, mainly attributable to changes in our product sales mix.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit decreased by 13.0% from RMB157.4 million for the three months ended March 31, 2025 to RMB137.0 million for the three months ended March 31, 2026. Our gross margin decreased from 60.3% for the three months ended March 31, 2025 to 48.9% for the three months ended March 31, 2026.

Other income and gains

Our other income and gains decreased by 65.8% from RMB22.9 million for the three months ended March 31, 2025 to RMB7.8 million for the three months ended March 31, 2026, primarily due to a decrease in gains we recorded from financial assets at fair value through profit or loss.

Selling and marketing expenses

Our selling and marketing expenses increased by 32.7% from RMB9.8 million for the three months ended March 31, 2025 to RMB13.0 million for the three months ended March 31, 2026, primarily due to an increase in equity-settled share-based compensation provided to our sales personnel.

Administrative expenses

Our administrative expenses increased by 63.0% from RMB15.6 million for the three months ended March 31, 2025 to RMB25.5 million for the three months ended March 31, 2026, mainly driven by an increase in equity-settled share-based compensation provided to our administrative staff.

Research and development expenses

Our research and development expenses increased by 62.6% from RMB41.0 million for the three months ended March 31, 2025 to RMB66.7 million for the three months ended March 31, 2026, primarily due to an increase in equity-settled share-based compensation provided to our R&D personnel and increased expenses from our collaborative R&D projects.

Other expenses

Our other expenses decreased by 23.8% from RMB9.0 million for the three months ended March 31, 2025 to RMB6.9 million for the three months ended March 31, 2026, primarily due to reduced provisions we made for inventory write-down as a result of our continuously improving inventory management, partially offset by increased net foreign exchange differences.

Finance costs

Our finance costs remained relatively stable at RMB73 thousand and RMB45 thousand for the three months ended March 31, 2025 and 2026, respectively.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded net impairment losses on financial assets of RMB0.2 million for the three months ended March 31, 2025 and a net reversal of RMB0.1 million for the three months ended March 31, 2026, mainly as a result of successful collection of outstanding amounts from customers.

Share of losses of associates

Our share of losses of associates remained relatively stable at RMB0.6 million for each of the three months ended March 31, 2025 and 2026, reflecting the net results of our associates.

Income tax (expense)/credit

We record income tax expenses of RMB6.5 million for the three months ended March 31, 2025, in line with our profit before taxation. We recognized income tax credit of RMB0.3 million for the three months ended March 31, 2026, primarily attributable to R&D tax credits we earned from our expanded R&D activities.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 66.6% from RMB97.4 million for the three months ended March 31, 2025 to RMB32.5 million for the three months ended March 31, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 18.8% from RMB1,028.3 million in 2024 to RMB1,221.3 million in 2025, primarily attributable to increased revenue contribution from (i) SPD chips, driven by the accelerated adoption of servers, PCs and AI infrastructure, (ii) automotive-grade chips driven by intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications. The number of our customers grew steadily, accompanied by increases in average order volume.

Cost of sales

Our cost of sales increased by 12.2% from RMB464.7 million in 2024 to RMB521.6 million in 2025, mainly attributable to a combined effect of our overall increase in product sales and change in product mix, resulting in a relatively moderate increase of cost of sales.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit increased by 24.1% from RMB563.6 million in 2024 to RMB699.7 million in 2025. Our gross margin increased from 54.8% in 2024 to 57.3% in 2025, mainly due to increased revenue contribution from non-volatile memory chips which carry a higher gross margin, particularly, memory module supporting chips, automotive-grade and industrial-grade memory chips.

Other income and gains

Our other income and gains increased by 10.9% from RMB53.1 million in 2024 to RMB58.9 million in 2025, primarily due to gains we recorded from disposal of equity securities.

Selling and marketing expenses

Our selling and marketing expenses decreased by 15.4% from RMB55.5 million in 2024 to RMB47.0 million in 2025, primarily due to a decrease of equity-settled share-based compensation provided to our sales personnel and a decrease in commission fees we paid in relation to our sales activities.

Administrative expenses

Our administrative expenses increased by 20.1% from RMB63.8 million in 2024 to RMB76.7 million in 2025, generally in line with our business expansion.

Research and development expenses

Our research and development expenses increased by 18.3% from RMB175.6 million in 2024 to RMB207.8 million in 2025, primarily due to an increase in salaries and remuneration provided to our R&D personnel and increased investment in R&D projects, resulting from our increased R&D activities to support our business expansion.

Other expenses

Our other expenses increased by 102.8% from RMB21.0 million in 2024 to RMB42.6 million in 2025, primarily due to (i) the provision we made for write-down of inventories to net realizable value as our inventory scale expanded, and (ii) a net foreign exchange loss due to exchange rate fluctuations.

Finance costs

Our finance costs remained relatively stable at RMB0.3 million and RMB0.3 million in 2024 and 2025, respectively.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded net impairment losses on financial assets of RMB40.0 thousand and RMB0.8 million in 2024 and 2025, respectively, mainly as a result of a higher provision we made for bad debt due to the growth in trade receivables along with our expanded product sales.

Share of Loss of an Associate

Our share of loss of an associate increased from RMB1.7 million in 2024 to RMB3.6 million in 2025, mainly due to the net result of the associate.

Income tax expenses

Our income tax expenses increased by 6.3% from RMB22.5 million in 2024 to RMB23.9 million in 2025, in line with changes in our profit before taxation.

Profit for the year

As a result of the foregoing, our profit for the year increased by 28.9% from RMB276.0 million in 2024 to RMB355.8 million in 2025, primarily driven by increased revenue contribution from SPD chips, automotive-grade chips and industrial-grade memory chips.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue significantly increased by 46.2% from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, primarily attributable to increased revenue contribution from (i) SPD chips, driven by the accelerated adoption of servers and AI infrastructure, (ii) expanded sales of our automotive-grade chips driven by intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications. The number of our customers grew steadily, accompanied by increases in average order volume.

Cost of sales

Our cost of sales increased by 23.7% from RMB375.7 million in 2023 to RMB464.7 million in 2024, generally in line with our increased product sales.

Gross profit and gross margin

As a result of the foregoing, our gross profit remarkably increased by 72.0% from RMB327.7 million in 2023 to RMB563.6 million in 2024, reflecting the rapid growth of our sales during the period. Our gross margin increased from 46.6% in 2023 to 54.8% in 2024, mainly due to increased revenue contribution from non-volatile memory chips which carry a higher gross margin, particularly, memory module supporting chips, automotive-grade and industrial-grade memory chips.

Other income and gains

Our other income and gains increased by 69.2% from RMB31.4 million in 2023 to RMB53.1 million in 2024, primarily due to (i) a gain from fair value change of financial assets we held, and (ii) a net gain from foreign exchange differences, partially offset by a decrease in government grant, reflecting the timing of payment.

Selling and marketing expenses

Our selling and marketing expenses increased by 12.5% from RMB49.4 million in 2023 to RMB55.5 million in 2024, mainly due to an increase in salaries and remuneration provided to our sales personnel as a result of our expanded product sales.

Administrative expenses

Our administrative expenses increased by 23.0% from RMB51.9 million in 2023 to RMB63.8 million in 2024, mainly driven by the increase in salaries and remuneration provided to our administrative staff, along with our business expansion.

Research and development expenses

Our research and development expenses increased by 9.2% from RMB160.8 million in 2023 to RMB175.6 million in 2024, primarily due to an increase in R&D headcount to support our increased R&D activities.

Other expenses

Our other expenses increased by 88.9% from RMB11.1 million in 2023 to RMB21.0 million in 2024, primarily due to the provision we made for write-down of inventories to net realisable value as our inventory scale expanded.

Finance costs

Our finance costs remained relatively stable with a slight decrease at RMB0.4 million and RMB0.3 million in 2023 and 2024, respectively.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded a net reversal of previously recognized impairment losses on financial assets in 2023, due to successful collection of outstanding amounts from customers. We recognized net impairment losses on financial assets of RMB40.0 thousand in 2024, mainly as a result of a higher provision we made for bad debt due to the growth in trade receivables along with our expanded product sales.

Share of Losses of Associates

Our share of losses of associates remained relatively stable at RMB1.6 million and RMB1.7 million in 2023 and 2024, reflecting the net results of our associates.

Income tax expenses

We recognized income tax expenses of RMB2.0 million in 2023 and RMB22.5 million in 2024, in line with changes in our profit before taxation.

Profit for the year

As a result of the foregoing, our profit for the year saw a marked increase by 233.8% from RMB82.7 million in 2023 to RMB276.0 million in 2024, primarily driven by increased revenue contribution from SPD chips, automotive-grade chips and industrial-grade memory chips.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Current Liabilities

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		*(unaudited)*
Current assets					
Inventories	225,180	243,376	282,410	303,384	342,613

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		*(unaudited)*
Trade and bills receivables	143,977	140,910	161,055	160,352	171,886
Prepayments, other receivables and other assets	48,428	77,123	46,912	57,560	61,456
Prepaid income tax	1,575	–	2,235	2,076	5,905
Financial assets at fair value through profit or loss	716,280	878,369	782,179	691,466	1,364,406
Time deposits	–	–	239,077	337,162	357,310
Cash and bank balances	592,822	577,701	711,171	694,752	422,199
Total current assets	**1,728,262**	**1,917,479**	**2,225,039**	**2,246,752**	**2,725,775**
Current liabilities					
Trade payables	64,797	63,742	94,062	94,325	105,424
Contract liabilities	736	2,152	491	1,539	2,348
Other payables and accruals	28,054	52,066	59,286	28,938	40,204
Lease liabilities	3,167	4,798	3,788	3,089	2,716
Tax payable	–	10,208	7,631	2,762	–
Total current liabilities	**96,754**	**132,966**	**165,258**	**130,653**	**150,692**
Net current assets	**1,631,508**	**1,784,513**	**2,059,781**	**2,116,099**	**2,575,083**

We had net current assets positions as of December 31, 2023, 2024, 2025 and as of March 31, 2026 and June 30, 2026.

Our net current assets increased from RMB1,631.5 million as of December 31, 2023 to RMB1,784.5 million as of December 31, 2024, mainly due to (i) an increase in financial assets at fair value through profit or loss of RMB162.1 million, (ii) an increase in prepayments, other receivables and other assets of RMB28.7 million and (iii) an increase in inventories of RMB18.2 million, partially offset by (i) an increase in other payables and accruals of RMB24.0 million, (ii) a decrease of cash and bank balances of RMB15.1 million and (iii) an increase in tax payable of RMB10.2 million.

Our net current assets increased from RMB1,784.5 million as of December 31, 2024 to RMB2,059.8 million as of December 31, 2025, mainly due to (i) an increase in cash and bank balances of RMB133.5 million, (ii) an increase in time deposits of RMB239.1 million, (iii) an increase in trade and bills receivables of RMB20.1 million, (iv) an increase in inventories of RMB39.0 million, partially offset by (i) a decrease of financial assets at fair value through profit or loss of RMB96.2 million, (ii) a decrease of prepayments, other receivables and other assets of RMB30.2 million, (iii) an increase in trade payables of RMB30.3 million, and (iv) an increase in other payables and accruals of RMB7.2 million.

Our net current assets increased from RMB2,059.8 million as of December 31, 2025 to RMB2,116.1 million as of March 31, 2026, mainly due to (i) an increase in time deposits of RMB98.1 million, (ii) a decrease in other payables and accruals of RMB30.3 million, (iii) an increase in inventories of RMB21.0 million, and (iv) an increase in prepayments, other receivables and other assets of RMB10.6 million, partially offset by (i) a decrease of financial assets at fair value through profit or loss of RMB90.7 million and (ii) a decrease of cash and bank balances of RMB16.4 million.

Our net current assets further increased from RMB2,116.1 million as of March 31, 2026 to RMB2,575.1 million as of June 30, 2026, mainly due to (i) an increase in financial assets at fair value through profit or loss of RMB672.9 million, (ii) an increase in inventories of RMB39.2 million, (iii) an increase in time deposits of RMB20.1 million, partially offset by a decrease of cash and bank balances of RMB272.6 million.

Non-Current Assets and Non-Current Liabilities

The following table sets forth the breakdown of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Non-current assets				
Property, plant and equipment	213,229	230,974	252,075	254,448
Right-of-use assets	8,313	9,943	7,309	5,598
Intangible assets	9,823	7,517	12,580	10,102
Financial assets at fair value through profit or loss	34,240	44,590	69,444	70,077
Other non-current assets	1,226	5,692	9,492	7,604
Deferred tax assets	13,470	13,806	13,402	15,499
Investment in associates	6,156	4,435	25,428	23,426
Equity investments designated at fair value through other comprehensive income	35,493	70,881	132,895	134,284
Total non-current assets	**321,950**	**387,838**	**522,625**	**521,038**
Non-current liabilities				
Deferred income	4,477	4,891	3,875	3,500
Lease liabilities	5,093	4,939	3,330	2,333
Deferred tax liabilities	45	20	28	38
Other payables	1,232	455	3,043	2,996
Total non-current liabilities	**10,847**	**10,305**	**10,276**	**8,867**

Inventories

Our inventories mainly include (i) raw materials, (ii) finished goods, (iii) materials consigned for processing (iv) semi-finished goods, and (v) goods in transit. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Raw materials	62,328	65,761	50,275	75,803
Finished goods	54,407	69,709	102,894	100,407
Materials consigned for processing	45,792	57,000	80,385	80,861
Semi-finished goods	62,653	50,582	47,114	44,528
Goods in transit	–	324	1,742	1,785
Total	**225,180**	**243,376**	**282,410**	**303,384**

Our inventories increased from RMB225.2 million as of December 31, 2023 to RMB243.4 million as of December 31, 2024. Our inventories further increased to RMB282.4 million as of December 31, 2025 and to RMB303.4 million as of March 31, 2026. The increases in our inventories were in line with our plan to adjust our inventory level to dynamically adapt to the increased market demand.

While we proactively raised our inventory level to meet the rising market demand during the Track Record Period, we provided for impairment when inventory reached predetermined age thresholds and when net realizable value, determined by reference to order prices or prevailing market prices, fell below cost, resulting in increased write-down of inventories.

The table below sets forth a breakdown of our inventories by business line as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Non-volatile memory chips[(1)]	189,468	207,488	240,140	257,197
Lens driver chips	18,128	21,564	33,548	32,656
NFC chips and others[(2)]	17,584	14,324	8,722	13,530
Total	**225,180**	**243,376**	**282,410**	**303,384**

Notes:

(1) Comprising memory module supporting chips highlighted by SPD chips in DDR memory modules, high-reliability memory chips for automotive electronics and industrial control, and memory chips for consumer electronics.

(2) Other products mainly comprises of TS chips.

The following is an aging analysis of our inventories:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Inventories				
Up to 1 year	214,083	234,708	282,198	299,158
Over 1 year	55,763	70,451	92,784	92,759
Write-down of inventories to net realisable value	(44,666)	(61,783)	(92,572)	(88,533)
Total	**225,180**	**243,376**	**282,410**	**303,384**

The following table sets forth our inventory turnover days for the year/period indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Inventory turnover days[(1)]	252	226	238	241

Note:

(1) Calculated as the average of beginning and ending balance of inventories for the year/period divided by cost of sales for that period and multiplied by 365 days or 90 days, as applicable.

Our inventory turnover days decreased from 252 days in 2023 to 226 days in 2024, reflecting the increased market demand. Our inventory turnover days increased to 238 days in 2025, mainly due to our active raising inventory level to safeguard against potential market fluctuations. Our inventory turnover days increased slightly to 241 days in the three months ended March 31, 2026 due to our proactive stocking up raw materials in light of growing demand for NOR Flash. According to Frost & Sullivan, our industry turnover days is in line with industry norm for comparable fabless companies.

As of June 30, 2026, we had used or sold approximately RMB188.3 million, or 48.0% of our balance of inventories as of March 31, 2026. The level of utilization and sales of inventories subsequent to the Track Record Period and up to June 30, 2026 was consistent with our normal operating cycle and inventory turnover days, and reflects the timing of customer orders and our product delivery schedules. Given (1) the recovering market condition, recent contract prices of our products, and the aging and status of inventories, (2) the subsequent utilization rate of inventories, which is consistent with our normal business practices, and (3) our continuous efforts in product and supply chain management, we do not consider there to be a material risk of inventory impairment, and consider our existing provisions for inventories are sufficient to cover any potential losses.

We have a relatively long cash conversion cycle. Our cash conversion cycle, calculated as inventory turnover days in each period plus the trade receivables turnover days in the respective period minus the trade payables turnover days in the respective period, was 268 days, 222 days 225 days and 229 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, which was largely driven by our inventory turnover days for the same periods. We have implemented, and will continue to implement, a range of measures to manage our cash conversion cycle. We adopt proactive inventory management measures to maintain our inventory at an optimal level, including adjusting our stocking volume in line with anticipated demand, engaging in

collaborative planning with our suppliers, adopting a forecasting and replenishment model, and enhancing the visualization of our orders, so as to improve our inventory turnover efficiency. For further details, see "Business — Inventory Management." We also proactively negotiate with our customers and suppliers to optimize our credit terms and thereby improve our overall cash flow position.

Trade and Bills Receivables

The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Trade receivables	132,100	133,645	146,560	145,672
Bills receivables	15,840	11,274	19,075	19,114
Less: Allowance for credit losses	(3,963)	(4,009)	(4,580)	(4,434)
Total	**143,977**	**140,910**	**161,055**	**160,352**

Our trade and bills receivables slightly decreased from RMB144.0 million as of December 31, 2023 to RMB140.9 million as of December 31, 2024 mainly due to fluctuations in settlement of our bill receivables. Our trade and bills receivables increased from RMB140.9 million as of December 31, 2024 to RMB161.1 million as of December 31, 2025, mainly in line with our expanded product sales during the Track Record Period. Our trade and other receivables remained relatively stable at RMB160.4 million as of March 31, 2026.

During the Track Record Period, our trade and bills receivables were generally due within one year. The following table sets forth our trade receivables turnover days for the years/period indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Trade receivables turnover days[(1)]	74	47	42	47

Note:

(1) Calculated as the average of beginning and ending balance of trade receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 90 days, as applicable.

Our trade receivables turnover days were 74 days, 47 days and 42 days in 2023, 2024 and 2025 respectively, mainly attributable to a higher contribution from our customers with a shorter credit term. Our trade receivables turnover days slightly increased to 47 days in the three months ended March 31, 2026, which was generally within the normal fluctuation of our collection cycle.

As of June 30, 2026, approximately RMB145.5 million, or 99.9% of our trade receivables as of March 31, 2026 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Prepayments	32,331	57,552	17,851	21,144
Value-added tax recoverable	14,734	17,644	17,076	13,143
Listing expenditures	–	–	9,893	21,308
Deposits	1,435	1,718	1,895	1,629
Other receivables	1,113	1,411	444	571
Less: Impairment losses	(1,185)	(1,202)	(247)	(235)
Total	**48,428**	**77,123**	**46,912**	**57,560**

Our prepayments, other receivables and other assets increased from RMB48.4 million as of December 31, 2023 to RMB77.1 million as of December 31, 2024, which was primarily as a result of the increase in advances to suppliers from RMB32.3 million as of December 31, 2023 to RMB57.6 million as of December 31, 2024, in line with our increased procurement in response to rising customer demand. Our prepayments, other receivables and other assets decreased from RMB77.1 million as of December 31, 2024 to RMB46.9 million as of December 31, 2025, primarily attributable to the shorter payment cycles of our prepayments. Our prepayments, other receivables and other assets increased from RMB46.9 million as of December 31, 2025 to RMB57.6 million as of March 31, 2026, primarily attributable to our increased [**REDACTED**] expenditures in relation to this [**REDACTED**].

Time Deposits

We had time deposits of nil, nil, RMB239.1 million and RMB337.2 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. The time deposits were held to earn interest income.

As of June 30, 2026, our time deposits amounted to RMB357.3 million.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of buildings, machinery, electronic equipment, vehicles, other equipment and construction in progress. The following table sets forth details of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Buildings	158,651	153,521	148,077	146,716
Motor Vehicles	337	580	852	795
Machinery	38,908	62,085	94,322	97,345
Electronic equipment	5,170	6,016	6,704	7,817
Other equipment	1,668	1,325	947	850
Leasehold improvements	856	958	1,173	925
Construction in progress	7,639	6,489	–	–
Total	**213,229**	**230,974**	**252,075**	**254,448**

Our property, plant and equipment increased from RMB213.2 million as of December 31, 2023 to RMB231.0 million as of December 31, 2024, and further increased to RMB252.1 million as of December 31, 2025, primarily as a result of our acquisition and completion of the installation of testing machinery for our business expansion which was generally in line with the growth of our revenue. Our property, plant and equipment slightly increased from RMB252.1 million as of December 31, 2025 to RMB254.4 million as of March 31, 2026, mainly as a result of further addition of testing machinery.

Right-of-use Assets

Our right-of-use assets mainly consist of buildings we leased for our operations. Our right-of-use assets increased from RMB8.3 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, primarily attributable to buildings we newly leased, partially offset by termination and revision of leases and depreciation provided during the year. Our right-of-use assets decreased from RMB9.9 million as of December 31, 2024 to RMB7.3 million as of December 31, 2025, and further decreased to RMB5.6 million as of March 31, 2026, mainly as a result of ongoing depreciation over the lease terms.

Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets decreased from RMB9.8 million as of December 31, 2023 to RMB7.5 million as of December 31, 2024, and increased from RMB7.5 million as of December 31, 2024 to RMB12.6 million as of December 31, 2025, largely due to the acquisition of software in support of our operations. Our intangible assets decreased from RMB12.6 million as of December 31, 2025 to RMB10.1 million as of March 31, 2026, mainly as a result of amortization of software charged during the period.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss mainly represent our investments in the structured deposits, listed securities and private equity fund. The following table sets forth details of our financial assets at fair value through profit or loss as of the dates indicated:

	As at December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Current:				
Structured deposits	634,030	789,004	782,179	691,466
Listed equity investment	82,250	89,365	–	–
Subtotal	716,280	878,369	782,179	691,466
Non-current:				
Private equity fund	34,240	44,590	69,444	70,077
Total	**750,520**	**922,959**	**851,623**	**761,543**

Our financial assets at fair value through profit or loss increased from RMB750.5 million as of December 31, 2023 to RMB923.0 million as of December 31, 2024, primarily attributable to an increase in acquisition of structured deposits in 2024. Our financial assets at fair value through profit or loss decreased from RMB923.0 million as of December 31, 2024 to RMB851.6 million as of December 31, 2025, primarily due to disposal of equity investments in listed securities. Our financial assets at fair value through profit or loss decreased from RMB851.6 million as of December 31, 2025 to RMB761.5 million as of March 31, 2026, mainly due to maturity of certain structured deposits.

To monitor and control the investment risks in our financial assets at fair value through profit or loss, we have adopted a structured internal review mechanism to manage our investment and the Board or personnel designated by the Board closely supervise our decision process. Routine investments in our ordinary course of business are reviewed by Mr. ZHANG Jianchen, our general manager, Ms. YANG Yi, our chief financial officer and certain other members of our management team. See "Directors and Senior Management" for a detailed description of Mr. Zhang's and Ms. Yang's qualifications and credentials. Investments involving higher levels of risk are subject to the approval of our chairman of the Board, Mr. CHEN Zuotao. More important strategic investments are considered and reviewed by the Strategy Committee of our Board. If the Strategy Committee views a potential investment is of particular significance to us, the investment proposal will be submitted to the Board for detailed review, and the Board will further submit it to the shareholders' meeting for approval in the event that the potential opportunity falls beyond the authority of the Board. Our investment strategy related to financial assets at fair value through profit or loss focuses on managing the financial risks by reasonably and conservatively matching the estimated return on assets to anticipated our operating cash needs, while generating desirable investment returns for the benefits of our shareholders. We make investment decisions related to our financial assets at fair value through profit or loss on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of the investment managers, our own working capital conditions, and the expected profit or potential loss of the investment. The Group will comply with Chapter 14 of the Rules when making such investments after the [**REDACTED**].

Other Non-current Assets

Our other non-current assets primarily consist of prepayment for property, plant and equipment. Our other non-current assets increased from RMB1.2 million as of December 31, 2023 to RMB5.7 million as of December 31, 2024, and further increased to RMB9.5 million as of December 31, 2025, primarily due to the increase in our spending on property, plant and equipment for our business expansion. Our other non-current assets decreased from RMB9.5 million as of December 31, 2025 to RMB7.6 million as of March 31, 2026, mainly due to capitalization of advances into relevant machinery assets upon completion of installation during the period.

Equity Investments Designated at Fair Value Through Other Comprehensive Income

Our equity investments designated at fair value through other comprehensive income mainly consist of our non-listed equity investments at fair value. Our equity investments designated at fair value through other comprehensive income increased from RMB35.5 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024 and further increased to RMB132.9 million as of December 31, 2025, primarily due to the increase in the fair value of our investee companies. Our equity investments designated at fair value through other comprehensive income increased from RMB132.9 million as of December 31, 2025 to RMB134.3 million as of March 31, 2026, mainly due to the reclassification of an investment previously accounted for as associate investment.

Investment in Associates

Our investment in associates represents our equity interest in an unlisted company. Our investment in associates decreased from RMB6.2 million as of December 31, 2023 to RMB4.4 million as of December 31, 2024, mainly due to the loss incurred by our associate. Our investment in associates increased from RMB4.4 million as of December 31, 2024 to RMB25.4 million as of December 31, 2025, mainly due to the investment in equity interest in Shenzhen Gencun in 2025. Our investment in associates decreased from RMB25.4 million as of December 31, 2025 to RMB23.4 million as of March 31, 2026, mainly as a result of the reclassification of our associate investment in Jiangsu Xiqian to equity investment designated at fair value through other comprehensive income following the dilution of our shareholding.

Trade Payables

Our trade payables represent outstanding amounts due to suppliers. Our trade payables remained relatively stable at RMB64.8 million as of December 31, 2023 and RMB63.7 million as of December 31, 2024. Our trade payables increased from RMB63.7 million as of December 31, 2024 to RMB94.1 million as of December 31, 2025, mainly driven by higher procurement in response to increased customer demand. Our trade payables remained relatively stable at RMB94.3 million as of March 31, 2026.

As of June 30, 2026, approximately RMB91.2 million, or 96.7% of our trade payables as of March 31, 2026 had been settled.

The following is an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Trade payables				
Up to 1 year	64,797	63,459	94,004	94,276
Over 1 year	–	283	58	49
Total	**64,797**	**63,742**	**94,062**	**94,325**

During the Track Record Period, over 99% of our trade payables were outstanding for less than one year, which was largely in line with the credit periods granted to us by our suppliers.

The following table sets forth our trade payables turnover days for the years/period indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Trade payables turnover days[1]	58	51	55	59

Note:

(1) Calculated as the average of beginning and ending balance of trade payables for the period divided by cost of sales for that period and multiplied by 365 days or 90 days, as applicable.

Our trade payables turnover days were 58 days, 51 days, 55 days and 59 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, which was generally aligned with payment terms our suppliers and us agreed upon.

Contract Liabilities

Our contract liabilities represent the liabilities recognised when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services, primarily consisting of advances on sales of products.

Our contract liabilities increased from RMB0.7 million as of December 31, 2023 to RMB2.2 million as of December 31, 2024, primarily due to our increased revenue. Our contract liabilities decreased from RMB2.2 million as of December 31, 2024 to RMB0.5 million as of December 31, 2025, mainly due to the fulfillment of our performance obligations owed to our customers during the period. Our contract liabilities increased from RMB0.5 million as of December 31, 2025 to RMB1.5 million as of March 31, 2026, mainly due to advance payments we received from our customers in line with our revenue growth.

As of June 30, 2026, approximately RMB1.5 million, or 96.7% of our contract liabilities as of March 31, 2026 were subsequently recognized as revenue.

Other Payables and Accruals

Other payables and accruals primarily consist of payroll and welfare payables, other tax payables and payables for purchase of property, plant and equipment and intangible assets.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Current portion				
Payroll and welfare payables	20,450	45,350	46,790	19,296
Other tax payables	1,812	2,702	1,829	2,813
Payables for purchase of property, plant and equipment	799	1,247	498	835
Payables for purchase of intangible assets	3,944	1,706	3,489	3,434
Others	1,049	1,061	6,680	2,560
Total current portion	28,054	52,066	59,286	28,938
Non-current portion				
Payables for purchase of intangible assets	1,232	455	3,043	2,996
Total non-current portion	1,232	455	3,043	2,996
Total	**29,286**	**52,521**	**62,329**	**31,934**

Other payables and accruals increased from RMB29.3 million as of December 31, 2023 to RMB52.5 million as of December 31, 2024, primarily due to the year-end bonus for 2024 we accrued for our employees as we experienced significant growth during the year. Other payables and accruals increased from RMB52.5 million as of December 31, 2024 to RMB62.3 million as of December 31, 2025, primarily due to the expenses we incurred in relation to the [**REDACTED**] and our purchase of intangible assets in support of our business expansion. Other payables and accruals decreased from RMB62.3 million as of December 31, 2025 to RMB31.9 million as of March 31, 2026, mainly due to settlement of 2025 year-end employee bonuses.

Lease Liabilities

Our lease liabilities are mainly related to buildings we leased for our operations.

The following table sets forth the amounts of our lease liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
Current	3,167	4,798	3,788	3,089
Non-current	5,093	4,939	3,330	2,333
Total	**8,260**	**9,737**	**7,118**	**5,422**

Our lease liabilities, current increased from RMB3.2 million as of December 31, 2023 to RMB4.8 million as of December 31, 2024, and decreased to RMB3.8 million as of December 31, 2025, primarily because of the combined effects of new leases, lease payments, re-classification from the non-current portion to the current portion in accordance with the contract term, and termination and revision of leases. Lease liabilities, current further decreased from RMB3.8 million as of December 31, 2025 to RMB3.1 million as of March 31, 2026, mainly due to payments for our leased assets.

Our lease liabilities, non-current decreased from RMB5.1 million as of December 31, 2023 to RMB4.9 million as of December 31, 2024 and further decreased to RMB3.3 million as of December 31, 2025, primarily due to our payments for the leased assets and re-classification from the non-current portion to the current portion in accordance with the contract term accordingly. Lease liabilities, non-current further decreased from RMB3.3 million as of December 31, 2025 to RMB2.3 million as of March 31, 2026, mainly due to reclassification of certain lease liabilities from the non-current portion to the current portion.

Deferred Income

Deferred income consists of government grants. Government grants consist of incentive and other subsidies to support a high-tech enterprise. There are no unfulfilled conditions related to these government grants.

Our deferred income was RMB4.5 million as of December 31, 2023, RMB4.9 million as of December 31, 2024, RMB3.9 million as of December 31, 2025 and RMB3.5 million as of March 31, 2026, respectively, representing the offsetting result of newly received government grants and recognition of government grants previously received into other income during the respective year/period.

KEY FINANCIAL RATIOS

	As of December 31,			As of March 31,
	2023	2024	2025	2026
Net profit margin[(1)]	11.8%	26.8%	29.1%	11.6%
Gross profit margin[(2)]	46.6%	54.8%	57.3%	48.9%
Current ratio[(3)]	17.9	14.4	13.5	17.2
Quick ratio[(4)]	15.5	12.6	11.8	14.9

	As of December 31,			As of March 31,
	2023	2024	2025	2026
Debt to asset ratio[5]	5.2%	6.2%	6.4%	5.0%
Trade receivables turnover days[6]	74	47	42	47

Notes:

(1) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period.

(2) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period.

(3) Current ratio is calculated by dividing current assets by current liabilities as of the indicated reporting date.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the dates indicated.

(5) Debt to asset ratio is calculated by dividing total liabilities by total assets.

(6) Calculated as the average of beginning and ending balance of trade receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 90 days, as applicable.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our working capital primarily from cash generated from our business operation. We did not experience any difficulty in obtaining bank loans or other borrowings. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Our cash and cash equivalents primarily consist of cash at bank. We had cash and cash equivalents of RMB592.8 million, RMB577.7 million, RMB711.2 million and RMB694.7 million, as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB (in thousands)*	*RMB (unaudited)*	*RMB*
Net cash flows generated from operating activities	102,709	302,093	399,097	71,257	16,200
Net cash flows (used in)/ generated from investing activities	(132,822)	(225,369)	(208,765)	240,165	(10,704)
Net cash flows (used in)/ generated from financing activities	(93,397)	(96,609)	(48,500)	5,131	(15,861)
Net (decrease)/increase in cash and cash equivalents	(123,510)	(19,885)	141,832	316,553	(10,365)
Cash and cash equivalents at the beginning of the year/period	717,324	592,822	577,701	577,701	711,171

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB* *(in thousands)*	*RMB* *(unaudited)*	*RMB*
Exchange (losses)/gains on cash and cash equivalents	(992)	4,764	(8,362)	(163)	(6,054)
Cash and cash equivalents at the end of the year/period	**592,822**	**577,701**	**711,171**	**894,091**	**694,752**

Net cash generated from operating activities

Net cash generated from operating activities for the three months ended March 31, 2026 was RMB16.2 million, which primarily was the result of profit before tax of RMB32.2 million, adjusted by (i) non-cash items, such as equity-settled share-based payment arrangements of RMB23.9 million, foreign exchange differences, net of RMB5.8 million, depreciation of items of property, plant and equipment of RMB5.2 million and gain on financial assets at fair value through profit or loss of RMB4.0 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB19.7 million, and a decrease in other payables and accruals of RMB25.5 million; (iii) income tax paid of RMB6.5 million.

Net cash generated from operating activities for the year ended December 31, 2025 was RMB399.1 million, which primarily was the result of profit before tax of RMB379.8 million, adjusted by (i) non-cash items, such as write-down of inventories to net realizable value of RMB31.0 million, gain on financial assets at fair value through profit or loss of RMB33.2 million, depreciation of items of property, plant and equipment of RMB17.1 million, equity-settled share-based payment arrangements of RMB32.3 million, and amortization of intangible assets of RMB8.6 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB70.0 million, an increase in trade and bills receivables of RMB20.7 million, a decrease in prepayments, other receivables and other assets of RMB39.9 million, an increase in trade payables of RMB30.3 million and an increase in other payables and accruals of RMB6.7 million; (iii) income tax paid of RMB33.8 million.

Net cash generated from operating activities for the year ended December 31, 2024 was RMB302.1 million, which primarily was the result of profit before tax of RMB298.6 million, adjusted by (i) non-cash items, such as depreciation of items of property, plant and equipment of RMB12.9 million, amortization of intangible assets of RMB8.8 million, gain on financial assets at fair value through profit or loss of RMB23.2 million, write-down of inventories to net realizable value of RMB17.0 million, foreign exchange differences, net of RMB5.3 million and equity-settled share-based payment arrangements of RMB29.3 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB35.2 million, an increase in prepayments, other receivables and other assets of RMB28.7 million and an increase in other payables and accruals of RMB29.8 million; and (iii) income tax paid of RMB11.9 million.

Net cash generated from operating activities for the year ended December 31, 2023 was RMB102.7 million, which primarily was the result of profit before tax of RMB84.7 million, adjusted by (i) non-cash items, such as depreciation of items of property, plant and equipment of RMB9.2 million, amortization of intangible assets of RMB6.8 million, gain on financial assets at fair value through profit or loss of RMB4.7 million, write-down of inventories to net realizable value of RMB7.6 million and equity-settled share-based payment arrangements of RMB44.6 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB20.9 million, a decrease in trade and bills receivables of RMB14.9 million, an increase in trade payables of RMB11.2 million, and decrease in other payables and accruals of RMB13.6 million and (iii) income tax paid of RMB37.5 million.

Net cash used in investing activities

Net cash used in investing activities for the three months ended March 31, 2026 was RMB10.7 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB1,140.0 million, and (ii) purchase of time deposits of RMB505.0 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB1,234.1 million and (ii) proceeds from maturity of time deposits of RMB407.7 million.

Net cash used in investing activities for the year ended December 31, 2025 was RMB208.8 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB2,558.1 million, (ii) purchase of time deposits of RMB743.0 million, and (iii) purchase of items of property, plant and equipment of RMB47.3 million, partially offset by (i) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB2,662.7 million and (ii) proceeds from maturity of time deposits of RMB508.1 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB225.4 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB2,162.0 million, (ii) purchase of items of property, plant and equipment of RMB38.6 million, and (iii) purchase of equity investments designated at fair value through other comprehensive income of RMB28.0 million, partially offset by (iv) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB2,012.8 million.

Net cash used in investing activities for the year ended December 31, 2023 was RMB132.8 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB1,935.0 million, (ii) purchase of equity investments designated at fair value through other comprehensive income of RMB35.5 million, and (iii) purchase of items of property, plant and equipment of RMB25.0 million, partially offset by (iv) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB1,879.7 million.

We have adopted a structured internal review mechanism to manage our investment. See "Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position—Financial Assets at Fair Value Through Profit or Loss." In selecting investment products, we evaluate investments on a case-by case basis, taking into account factors including the macro-economic environment, general market conditions, risk control and creditworthiness of investment managers, our working capital requirements, and the expected returns or potential losses. We also consider the duration and severity of any decline in fair value, the financial and business performance of the underlying investment, cash position, and liquidity characteristics.

Net cash used in financing activities

Net cash used in financing activities for the three months ended March 31, 2026 was RMB15.9 million, primarily due to our share issue expenses of RMB14.5 million in relation to this [**REDACTED**] and lease payment of RMB1.2 million.

Net cash used in financing activities for the year ended December 31, 2025 was RMB48.5 million, primarily due to dividends paid of RMB47.4 million and partially offset by proceeds from exercise of restricted shares scheme of RMB9.1 million.

Net cash used in financing activities for the year ended December 31, 2024 was RMB96.6 million, primarily due to (i) the repurchase and cancellation of A Shares of RMB81.8 million and (ii) dividends paid of RMB31.5 million, partially offset by proceeds from exercise of restricted shares scheme of RMB21.4 million.

Net cash used in financing activities for the year ended December 31, 2023 was RMB93.4 million, primarily due to dividends paid of RMB106.8 million, partially offset by proceeds from exercise of restricted shares scheme of RMB16.7 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, cash flows from operating activities and [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document. After making reasonable inquiries of our management about our working capital, the Sole Sponsor concurs with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities and funds raised from financing activities, including the [**REDACTED**] we will receive from the [**REDACTED**].

INDEBTEDNESS

As of December 31, 2023, 2024, 2025, March 31, 2026 and June 30, 2026, except as lease liabilities disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB* *(in thousands)*	*RMB*	*RMB* *(unaudited)*
Current	3,167	4,798	3,788	3,089	2,716
Non-current	5,093	4,939	3,330	2,333	1,702
Total	**8,260**	**9,737**	**7,118**	**5,422**	**4,418**

Please refer to "— DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION — Lease Liabilities" for details.

We did not have any bank loans or other borrowings during the Track Record Period. As of December 31, 2023, 2024, 2025 and March 31, 2026, except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. As of June 30, 2026, we had bank facilities of approximately RMB400.0 million committed but not utilized. Our Directors have confirmed that there has been no material change in our indebtedness from June 30, 2026 up to the Latest Practicable Date.

Contingent Liabilities

As of December 31, 2023, 2024, 2025 and March 31, 2026, we did not have any material contingent liabilities, litigations, guarantees or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Company since March 31, 2026.

CAPITAL COMMITMENTS

During the Track Record Period, we did not have any material capital commitment.

CAPITAL EXPENDITURES

Our capital expenditures are primarily related to acquisition of property, plant and equipment and intangible assets. In 2023, 2024, 2025 and the three months ended March 31, 2026, our capital expenditures amounted to RMB33.1 million, RMB48.1 million, RMB56.6 million and RMB7.5 million, respectively. Our anticipated capital expenditures are subject to changes from time to time, based on a variety of factors including our business strategy, prevailing market conditions, regulatory environment and the outlook of our results of operations.

We funded these expenditures primarily with our operating cash flow, and we expect to fund our capital expenditures with our operating cash flow and [**REDACTED**] from the [**REDACTED**].

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 38 of the Accountants' Report set out in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. 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. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our activities expose us 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. Risk management is carried out by our senior management. For details, see Note 41 of the Accountants' Report set out in Appendix I to this document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. See Note 41 of the Accountants' Report set out in Appendix I to this document for an illustration of the sensitivity as of December 31, 2023, 2024, 2025 and March 31, 2026 to a reasonably possible change in the USD exchange rate, with all other variables held constant, of our profit before tax (due to changes in the retranslated value of monetary assets and liabilities).

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

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. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

As of December 31, 2023, 2024, 2025 and March 31, 2026, our Group had certain concentrations of credit risk as our trade receivables of RMB31.9 million, RMB29.1 million, RMB22.3 million and RMB24.9 million were due from our largest customer in each year/period, respectively, and our trade receivables of RMB94.1 million, RMB68.6 million, RMB52.2 million and RMB61.0 million were due from our five largest customers in each year/period, respectively. We seek to maintain strict control over our outstanding receivables and have minimize credit risk.

See Note 41 of the Accountants' Report set out in Appendix I to this document for an illustration showing the credit quality and the maximum exposure to credit risk based on our 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 the reporting period.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance for continuity of funding to finance our working capital needs as well as capital expenditure.

See Note 41 of the Accountants' Report set out in Appendix I to this document for the maturity profile of our financial liabilities during the Track Record Period, based on the contractual undiscounted payments.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

We manage our capital structure and make 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, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDEND POLICY

Our dividend policy is stipulated in our Articles of Association. We may distribute dividends in the form of cash, stocks or a combination of cash and stocks, and the accumulated profits distributed in cash (including by means of share repurchase) for the most recent three years shall in principle not be less than 30% of our Company's annual average audited net profit attributable to owners of our Company for the last three years. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of our shareholders. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, business prospects, operating requirements, capital requirements, payments by our subsidiaries of cash dividends to us, statutory, regulatory and contractual considerations and any other factors that the Board may deem relevant. A decision to declare or to pay any dividends in the future, and the amount of such dividends, will hence depend on these factors. According to the applicable PRC laws and our Articles of Association, we may pay dividends out of our profit after tax only after we have made the (i) recovery of accumulated losses, if any; (ii) allocations to the statutory reserve equivalent to 10% of our Company's profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our Company's total issued share capital, no further allocations to this statutory reserve will be required; and (iii) allocations, if any, to a discretionary common reserve as approved by our shareholders in a shareholders' meeting.

We do not have a predetermined dividend payout ratio. There can be no assurance that a dividend will be proposed or declared in any given year. The information on policies relating to dividends constitutes forward-looking statements, which are not guarantees of future financial performance. Our actual future dividends or capital distributions could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under "Forward-Looking Statements" and "Risk Factors."

The total dividends we paid were RMB106.8 million for the year ended December 31, 2023, RMB31.5 million for the year ended December 31, 2024 and RMB47.4 million for the year ended December 31, 2025, respectively, representing the cash portion of 2022 year-end dividend we paid on July 11, 2023, the 2023 year-end dividend we paid on June 14, 2024 and the 2024 year-end dividend we paid on April 30, 2025. We did not pay any dividends during the three months ended March 31, 2026. Our 2025 year-end profit distribution plan was approved at the 2025 annual general meeting held on April 10, 2026. A cash dividend of RMB7.0 (tax inclusive) per 10 Shares was subsequently paid on April 27, 2026 to Shareholders of record as of April 24, 2026 out of our distributable profits, amounting to approximately RMB110.8 million in aggregate. As of the Latest Practicable Date, there were no dividend payables outstanding.

Withholding taxes at a rate of 10% were levied on the aforementioned dividends paid to (i) QFIIs, (ii) investors holding our A Shares through the Shanghai-Hong Kong Stock Connect regime, and (iii) investors holding our A Shares subject to selling restrictions pursuant to the Notice on Issues Relating to the Implementation of Differential Individual Income Tax Policies for Dividends from Listed Companies (《關於實施上市公司股利紅利差別化個人所得稅政策有關問題的通知》).

DISTRIBUTABLE RESERVES

As of March 31, 2026, we had approximately RMB1,123.0 million of retained earnings available for distribution to our shareholders.

[REDACTED]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]) and the full payment of the discretionary [**REDACTED**], if any, we expect to incur approximately HK$[**REDACTED**] million of [**REDACTED**] (including (i) [**REDACTED**]-related expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately HK$[**REDACTED**] million, (ii) fees and expenses of legal advisors and accountants amounting to approximately HK$[**REDACTED**] million and (iii) other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**], amounting to approximately HK$[**REDACTED**] million), accounting for approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HK$[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of comprehensive income and approximately HK$[**REDACTED**] million is expected to be deducted from equity upon [**REDACTED**]. We did not incur [**REDACTED**] during the Track Record Period. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

RECENT DEVELOPMENTS

Our 2025 year-end profit distribution plan was approved at the 2025 annual general meeting held on April 10, 2026. A cash dividend of RMB7.0 (tax inclusive) per 10 Shares was subsequently paid on April 27, 2026 to Shareholders of record as of April 24, 2026 out of our distributable profits, amounting to approximately RMB110.8 million in aggregate.

In April 2026, we invested in certain listed securities and recorded a significant fair value gain as of the Latest Practicable Date. Had the fair value change of the listed securities not been taken into account, our net profit might decline in 2026, primarily due to: (i) potential changes in our product mix, as the downstream markets for our higher-margin memory chip products are expected to face headwinds; (ii) a planned increase in R&D expenditure to support our expanded R&D activities; and (iii) additional share-based compensation expenses. As a result, even if our revenue continues to grow in 2026, our net profit and net profit margin might decline in 2026.

Our Directors confirm that, up to the date of this document, except for the foregoing, there has been no material adverse change in our business, financial condition and results of operations since March 31, 2026, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since March 31, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] range of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and that the [**REDACTED**] is not exercised, in line with our strategies, 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**] million, will be used to enhance the development of our core memory chip and mixed signal technologies and the related design and processing platforms, with an aim to solidify the core technology barriers underpinning our future product portfolio and further drive the continuous expansion of our product matrix. Enhanced R&D capabilities are essential for us to keep pace with technology transitions and evolving industry standards, enabling us to maintain our leading position in the memory chips market and meet the evolving technical requirements of our customers. We anticipate capital expenditure requirements of approximately RMB2,000.0 million over the next six years to support our R&D expansion, to be funded through a combination of operating cash flows and [**REDACTED**] from the [**REDACTED**]. Specifically:

    - Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to maintain and further expand and strengthen our R&D team. Over the next six years, we plan to focus on recruiting and retaining R&D talents, in particular, product designers, testing engineer, and technical support personnel, to support the development of our next-generation memory chip products, mixed-signal chips and the related supporting products, including (i) memory chip products featuring smaller memory units, higher performance, and enhanced reliability; (ii) algorithms, novel sensing technologies, and advanced packaging techniques for mixed-signal chip products; and (iii) new memory chip solutions to better capture emerging industry trends. We expect to expand our R&D team with around 100 new hires, including (i) around 30 product designers, focusing on circuit design, product development, and customer-specific solutions, (ii) around 50 testing engineers, responsible for product validation and quality assurance, and (iii) around 20 technical support personnel, to provide customer-facing technical assistance and support design-in activities. New hires will include experienced professionals with track records in their respective fields, as well as graduates from

leading universities. Expected salaries will range from RMB500,000 to RMB2,000,000 per annum depending on function and seniority. We will attract and retain R&D talents through competitive incentive schemes and diverse and flexible collaboration models, to strengthen our talent base with long-term value and further reinforce our competitiveness;

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to procure key resources supporting our R&D activities, including equipment, software tools, and processing development-related materials to further support our continuous technological iteration and R&D activities. Specifically, we plan to (i) procure critical R&D equipment, including wafer and chip-level processing failure analysis systems and instruments (such as reflow soldering equipment), environmental and reliability stress testing equipment (such as high temperature and high humidity/low temperature and low humidity test chambers and highly accelerated temperature and humidity stress test (HAST), and unbiased highly accelerated stress test (uHAST) equipment), electrical performance testing equipment (such as high-current DC power supplies), and surface structure analysis equipment (such as scanning acoustic microscopes), to continuously enhance our laboratory testing capabilities and support our product development, reliability testing and quality control processes; (ii) procure and upgrade R&D software tools, such as EDA (electronic design automation) software and reprogrammable IP, as well as tools for developing and building a shared IP platform to ensure compatibility with the process technologies applicable to our new products and facilitate our chip design; and (iii) purchase auxiliary materials and services for our processing engineering and development work;

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our R&D facilities adding new laboratories, server rooms, and office space for R&D personnel, thereby better accommodating our growing R&D team, meet increasing R&D development needs, and provide the necessary space and conditions for introducing more advanced R&D equipment. Specifically, we plan to acquire a property located in Shanghai with a gross floor area of approximately 4,734.37 square meters, situated within the same industrial park as our existing headquarters. The new premises will (i) serve as office accommodating approximately 250 R&D personnel; and (ii) host a domestically leading computing-based high-performance chip testing laboratory, comprising a customer product showcase area, a reliability testing area, a chip simulation and verification platform, and a key performance testing platform for actual chip prototypes. The new R&D facilities will complement our existing R&D centers with high-performance computing-based chip testing, validation and customer demonstration functions; and

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to facilitate collaboration with third-party developers on joint R&D, technical validation, and solution optimization for high-performance computing-based chip products and the related supporting products, with an aim to accelerate our product development, enhance our technology capabilities in those fields, and further enrich our product matrix. The targeted third-party developers are primarily enterprise customers with established R&D capabilities and complementary technology resources. Based on our industry experience, a sufficient pool of such qualified partners is available globally for the contemplated collaborations. Under the intended mode of collaboration, each party will leverage its respective technological advantages to jointly develop new industry-leading products, and each party will retain ownership of the intellectual property that is

independently developed by it during the course of the collaboration, while the ownership of any jointly developed intellectual property will be negotiated and agreed on a case-by-case basis;

The table below summarizes the planned allocation by stage of the net [**REDACTED**] from the [**REDACTED**] we plan to use for the enhancement of our R&D capabilities. We believe such outlay will strengthen our long-term competitiveness and support future revenue growth. See "Business — Research and Development" for further details of our ongoing R&D programs. [**REDACTED**] should note that these plans are based on assumptions and are subject to uncertainties, including the risks described in the "Risk Factors" section of this Document. As such, we cannot guarantee that our plans will proceed as scheduled or that our goals will be fully achieved.

	2026	2027	2028	2029	2030	2031
			(HK$ in millions)			
R&D team maintenance and expansion	38.4	76.8	122.8	162.9	200.8	235.1
R&D resources procurement	14.4	39.0	39.0	39.0	39.0	39.0
R&D facilities	–	156.9	–	–	–	–
Third-party R&D collaborations	27.3	59.6	94.4	136.6	94.4	84.5
Total	80.1	332.2	256.2	338.4	334.1	358.5

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our supply chain, strengthen our team outside China, and enhance our marketing efforts overseas. Specifically:

  - Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our supply chain, continuously improve our global logistics and warehousing layout, effectively reduce supply chain risks, and enhance the stability, responsiveness, and delivery quality of our supply chain. We expect a robust and diversified supply chain to facilitate our overseas market expansion, optimize supply chain costs and support revenue growth in overseas markets. Our supply chain expansion will strategically focus on Singapore and South Korea. These are existing markets where we have operational presence which host mature semiconductor ecosystems with internationally recognized wafer foundries and OSAT service providers, supportive industrial policies, and established demand from downstream customers for products comparable to our offerings. Specifically, we plan to (i) further deepen our collaborations with renowned overseas wafer foundries and packaging/testing facilities while refining our procurement and quality supply chain management functions in these key regions where we operate; (ii) recruit supply chain personnel and establish local supply chain teams; and (iii) lease or construct overseas logistics facilities and warehousing points. Our current supply chain is primarily PRC-based. The planned expansion will strengthen our local teams and facilities to enhance production coordination and better serve overseas customers. We expect to invest approximately RMB165.3 million out of net [**REDACTED**] from the [**REDACTED**] in capital expenditure for supply chain enhancement, to be deployed evenly over the next 6 years;

  - Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to strengthen our overseas team outside China. Specifically, we plan to (i) attract well-regarded overseas product design teams to be located in

Europe, and add around 10 talents with more than 10 years of relevant experience, the expected average salary will be within the range between HK$1,500,000 and HK$6,000,000; and (ii) establish joint R&D collaboration with leading global R&D teams to support our continuous technological upgrades and the expansion of our global business. As of the Latest Practicable Date, we were actively seeking suitable overseas co-development opportunities with internationally leading R&D teams that have a strong track record. The intended collaboration would leverage each party's respective technological strengths to jointly develop chips aligned with industry trends or tailored to local market needs. As of the Latest Practicable Date, we had not entered into any binding cooperation framework or definitive partner arrangement in respect of such co-development; and

  - Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for overseas market expansion and the related marketing activities, including conducting overseas branding campaigns and participating in globally influential industry exhibitions, to deepen our relationships with our global customers and further enhance our visibility and influence in overseas markets. We have selected Europe as our focus of global marketing and branding activities, taking into account its diversified customer base for automotive and industrial products, as well as a local competitive landscape that leaves meaningful room for new entrants to establish long-term business. The selection of Europe also aligns with the proposed locations of our overseas product design teams, which we expect to enable our design teams to stay close to local customer needs and market trends, while our marketing and branding activities in turn generate customer insights and commercial opportunities that feed back into product design, creating a mutually reinforcing cycle that supports our overseas expansion strategy;

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investments and/or acquisitions, with a focus on investment and acquisition opportunities that offer synergies with our existing product portfolio, in order to enhance our design capabilities, process technology and supply chain capabilities, and support horizontal expansion into emerging areas. We will seek potential strategic investment and acquisition opportunities globally, focusing on chip design companies that are industry-leading, possess high barriers to entry, generate synergies with our existing business or sales channels, and align with industry development trends. Specifically, the ideal target should be companies within our supply chain, or startups that have (i) advanced technologies and R&D achievements that align with our strategic direction, with at least one independently developed core intellectual property; (ii) a stable core R&D and management team of at least five dedicated members, possessing in-depth industry knowledge and relevant experience in specific fields; (iii) at least one commercially viable R&D achievement, a stable or innovative business model, and a strong market reputation and; (iv) spent no less than RMB2 million on R&D in the most recent fiscal year. According to Frost & Sullivan, as of 2025, there are over 300 companies globally in the semiconductor industry which meet our criteria, providing us with a large pool of available targets. We will adopt a prudent and open approach to identify high-quality targets that match our strategic direction, and based on thorough evaluation, steadily advance strategic investments and resource integration to achieve rapid enhancement of technological capabilities and accelerated expansion of our product lines. As of the Latest Practicable Date, we had not identified any target of potential acquisition. The allocated net [**REDACTED**] are expected to be utilized over the next 6 years as qualifying investment opportunities arise. These investments are expected to enhance our R&D capabilities, optimize our supply chain efficiency and expand our market presence; and

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for working capital and general corporate uses.

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the [**REDACTED**] of the indicative [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million, respectively. If we make an upward or downward [**REDACTED**] adjustment to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**], we will increase or decrease the allocation of the [**REDACTED**] to the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] was exercised in full would be (i) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]), (ii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**]) and (iii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]).

To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

We will only place the net [**REDACTED**] of the [**REDACTED**] that are not immediately required for the above purposes in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions as defined under the SFO or applicable laws and regulations in other jurisdictions. We will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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HOW TO APPLY FOR [REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GIANTEC SEMICONDUCTOR CORPORATION AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Giantec Semiconductor Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] 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 and the three months ended 31 March 2026 (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 31 March 2026, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information sets out on pages I-[●] 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.

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 31 March 2026, 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.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three months ended 31 March 2025, and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, 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-[●] 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]

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 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	*5*	703,477	1,028,277	1,221,284	261,066	279,994
Cost of sales		(375,738)	(464,688)	(521,612)	(103,665)	(142,980)
Gross profit		327,739	563,589	699,672	157,401	137,014
Other income and gains	*6*	31,373	53,095	58,872	22,852	7,823
Selling and marketing expenses		(49,368)	(55,527)	(46,972)	(9,776)	(12,977)
Administrative expenses		(51,888)	(63,847)	(76,685)	(15,622)	(25,471)
Research and development expenses		(160,807)	(175,610)	(207,815)	(41,041)	(66,732)
Other expenses	*8*	(11,128)	(21,024)	(42,630)	(9,047)	(6,897)
Finance costs	*9*	(383)	(344)	(255)	(73)	(45)
Reversal of impairment losses/ (impairment losses) on financial assets, net		729	(40)	(759)	(171)	136
Share of losses of associates		(1,603)	(1,721)	(3,649)	(591)	(604)
PROFIT BEFORE TAX	*7*	84,664	298,571	379,779	103,932	32,247
Income tax (expense)/credit	*12*	(1,969)	(22,531)	(23,941)	(6,493)	283
PROFIT FOR THE YEAR/PERIOD		82,695	276,040	355,838	97,439	32,530
Attributable to:						
Owners of the parent		100,358	290,270	363,576	99,481	30,844
Non-controlling interests		(17,663)	(14,230)	(7,738)	(2,042)	1,686
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB per share)	*14*	0.64	1.84	2.30	0.63	0.19
Diluted (RMB per share)	*14*	0.63	1.82	2.28	0.63	0.19

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	82,695	276,040	355,838	97,439	32,530
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:					
Equity investments at fair value through other comprehensive income:					
Changes in fair value	–	6,634	58,297	–	–
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	309	(603)	(206)	6	(242)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	309	6,031	58,091	6	(242)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	83,004	282,071	413,929	97,445	32,288
Attributable to:					
Owners of the parent	100,667	296,301	421,667	99,487	30,602
Non-controlling interests	(17,663)	(14,230)	(7,738)	(2,042)	1,686

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	213,229	230,974	252,075	254,448
Right-of-use assets	*16(a)*	8,313	9,943	7,309	5,598
Intangible assets	*17*	9,823	7,517	12,580	10,102
Financial assets at fair value through profit or loss	*18*	34,240	44,590	69,444	70,077
Other non-current assets	*19*	1,226	5,692	9,492	7,604
Deferred tax assets	*31*	13,470	13,806	13,402	15,499
Investment in associates	*21*	6,156	4,435	25,428	23,426
Equity investments designated at fair value through other comprehensive income	*20*	35,493	70,881	132,895	134,284
Total non-current assets		321,950	387,838	522,625	521,038
CURRENT ASSETS					
Inventories	*23*	225,180	243,376	282,410	303,384
Trade and bills receivables	*24*	143,977	140,910	161,055	160,352
Prepayments, other receivables and other assets	*25*	48,428	77,123	46,912	57,560
Prepaid income tax		1,575	–	2,235	2,076
Financial assets at fair value through profit or loss	*18*	716,280	878,369	782,179	691,466
Time deposits	*26(b)*	–	–	239,077	337,162
Cash and bank balances	*26(a)*	592,822	577,701	711,171	694,752
Total current assets		1,728,262	1,917,479	2,225,039	2,246,752

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES					
Trade payables	*27*	64,797	63,742	94,062	94,325
Contract liabilities	*28*	736	2,152	491	1,539
Other payables and accruals	*29*	28,054	52,066	59,286	28,938
Lease liabilities	*16(b)*	3,167	4,798	3,788	3,089
Tax payable		–	10,208	7,631	2,762
Total current liabilities		96,754	132,966	165,258	130,653
NET CURRENT ASSETS		1,631,508	1,784,513	2,059,781	2,116,099
TOTAL ASSETS LESS CURRENT LIABILITIES		1,953,458	2,172,351	2,582,406	2,637,137
NON-CURRENT LIABILITIES					
Deferred income	*30*	4,477	4,891	3,875	3,500
Lease liabilities	*16(b)*	5,093	4,939	3,330	2,333
Deferred tax liabilities	*31*	45	20	28	38
Other payables	*29*	1,232	455	3,043	2,996
Total non-current liabilities		10,847	10,305	10,276	8,867
Net assets		1,942,611	2,162,046	2,572,130	2,628,270
EQUITY					
Equity attributable to owners of the parent					
Share capital	*32*	158,173	157,719	158,271	158,271
Reserves	*34*	1,813,134	2,047,253	2,464,523	2,518,977
Subtotal		1,971,307	2,204,972	2,622,794	2,677,248
Non-controlling interests		(28,696)	(42,926)	(50,664)	(48,978)
Total equity		1,942,611	2,162,046	2,572,130	2,628,270

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	**Capital reserve***	**Statutory surplus reserve***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 32)	*RMB'000 (note 34(a))*	*RMB'000 (note 34(b))*	*RMB'000 (note 34(c))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	120,906	1,131,150	80,248	51,444	1,854	530,099	1,915,701	(12,151)	1,903,550
Profit for the year	–	–	–	–	–	100,358	100,358	(17,663)	82,695
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	309	–	309	–	309
Total comprehensive income for the year	–	–	–	–	309	100,358	100,667	(17,663)	83,004
Capital injection from a non-controlling shareholder	–	–	–	–	–	–	–	1,920	1,920
Equity-settled share-based payment arrangements	875	54,401	–	6,415	–	–	61,691	–	61,691
Dividend	–	–	–	–	–	(106,752)	(106,752)	–	(106,752)
Conversion of capital reserve into share capital	36,392	(36,392)	–	–	–	–	–	–	–
Liquidation of a subsidiary	–	–	–	–	–	–	–	(802)	(802)
At 31 December 2023	158,173	1,149,159	80,248	57,859	2,163	523,705	1,971,307	(28,696)	1,942,611

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	**Capital reserve***	**Statutory surplus reserve***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Fair value reserve of financial assets at fair value through other comprehensive income***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 32)	*RMB'000 (note 34(a))*	*RMB'000 (note 34(b))*	*RMB'000 (note 34(c))*	*RMB'000*	*RMB'000 (note 34(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	158,173	1,149,159	80,248	57,859	2,163	–	523,705	1,971,307	(28,696)	1,942,611
Profit for the year	–	–	–	–	–	–	290,270	290,270	(14,230)	276,040
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	6,634	–	6,634	–	6,634
Exchange differences on translation of foreign operations	–	–	–	–	(603)	–	–	(603)	–	(603)
Total comprehensive income for the year	–	–	–	–	(603)	6,634	290,270	296,301	(14,230)	282,071
Repurchase and cancellation of A shares	(1,587)	(80,230)	–	–	–	–	–	(81,817)	–	(81,817)
Equity-settled share-based payment arrangements	1,133	60,308	–	(10,792)	–	–	–	50,649	–	50,649
Dividend	–	–	–	–	–	–	(31,468)	(31,468)	–	(31,468)
At 31 December 2024	157,719	1,129,237	80,248	47,067	1,560	6,634	782,507	2,204,972	(42,926)	2,162,046

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	**Capital reserve***	**Statutory surplus reserve***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Fair value reserve of financial assets at fair value through other comprehensive income***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 32)	*RMB'000 (note 34(a))*	*RMB'000 (note 34(b))*	*RMB'000 (note 34(c))*	*RMB'000*	*RMB'000 (note 34(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	157,719	1,129,237	80,248	47,067	1,560	6,634	782,507	2,204,972	(42,926)	2,162,046
Profit for the year	–	–	–	–	–	–	363,576	363,576	(7,738)	355,838
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	58,297	–	58,297	–	58,297
Exchange differences on translation of foreign operations	–	–	–	–	(206)	–	–	(206)	–	(206)
Total comprehensive income for the year	–	–	–	–	(206)	58,297	363,576	421,667	(7,738)	413,929
Equity-settled share-based payment arrangements	552	32,250	–	9,646	–	–	–	42,448	–	42,448
Dividend	–	–	–	–	–	–	(47,435)	(47,435)	–	(47,435)
Transfer of fair value reserve upon the transfer of equity investments at fair value through other comprehensive income to investment in associates	–	–	–	–	–	6,528	(6,528)	–	–	–
Others**	–	1,142	–	–	–	–	–	1,142	–	1,142
At 31 December 2025	158,271	1,162,629	80,248	56,713	1,354	71,459	1,092,120	2,622,794	(50,664)	2,572,130

Three months ended 31 March 2025 (unaudited)

	Attributable to owners of the parent									
	Share capital	Capital reserve	Statutory surplus reserve	Share-based payment reserve	Exchange fluctuation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	*RMB'000 (note 34(a))*	*RMB'000 (note 34(b))*	*RMB'000 (note 34(c))*	*RMB'000*	*RMB'000 (note 34(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	157,719	1,129,237	80,248	47,067	1,560	6,634	782,507	2,204,972	(42,926)	2,162,046
Profit for the period	–	–	–	–	–	–	99,481	99,481	(2,042)	97,439
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	6	–	–	6	–	6
Total comprehensive income for the period	–	–	–	–	6	–	99,481	99,487	(2,042)	97,445
Equity-settled share-based payment arrangements	390	22,791	–	(13,109)	–	–	–	10,072	–	10,072
At 31 March 2025	158,109	1,152,028	80,248	33,958	1,566	6,634	881,988	2,314,531	(44,968)	2,269,563

Three months ended 31 March 2026

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Statutory surplus reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	*RMB'000 (note 34(a))*	*RMB'000 (note 34(b))*	*RMB'000 (note 34(c))*	*RMB'000*	*RMB'000 (note 34(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	158,271	1,162,629	80,248	56,713	1,354	71,459	1,092,120	2,622,794	(50,664)	2,572,130
Profit for the period	–	–	–	–	–	–	30,844	30,844	1,686	32,530
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	(242)	–	–	(242)	–	(242)
Total comprehensive income for the period	–	–	–	–	(242)	–	30,844	30,602	1,686	32,288
Equity-settled share-based payment arrangements	–	–	–	23,852	–	–	–	23,852	–	23,852
At 31 March 2026	158,271	1,162,629	80,248	80,565	1,112	71,459	1,122,964	2,677,248	(48,978)	2,628,270

* These reserve accounts comprise the consolidated reserves of RMB1,813,134,000, RMB2,047,253,000, RMB2,464,523,000 and RMB2,518,977,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 31 March 2026, respectively.

** The others mainly comprise a shareholder donation of RMB1,113,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		84,664	298,571	379,779	103,932	32,247
Adjustments for:						
Share of losses of associates		1,603	1,721	3,649	591	604
Gain on disposal of equity in an associate		(602)	–	–	–	–
Depreciation of items of property, plant and equipment	7	9,222	12,879	17,069	3,923	5,212
Depreciation of right-of-use assets	7	4,283	4,554	5,155	1,232	1,127
Amortisation of intangible assets	7	6,818	8,765	8,648	2,387	2,749
Loss/(gain) on disposal of items of property, plant and equipment		55	18	(38)	–	–
Gain on termination and revision of leases		(210)	(291)	–	–	–
Gain on financial assets at fair value through profit or loss	6	(4,698)	(23,192)	(33,241)	(19,526)	(4,016)
Interest income from time deposits	6	–	–	(4,133)	(348)	(817)
Write-down/(reversal of write-down) of inventories to net realisable value	7	7,640	17,017	30,972	8,804	(1,311)
(Reversal of impairment)/impairment of financial assets	7	(729)	40	759	171	(136)
Foreign exchange differences, net		1,424	(5,340)	8,141	166	5,800
Finance costs	9	383	344	255	73	45
Equity-settled share-based payment arrangements		44,643	29,292	32,329	3,637	23,852
Increase in inventories		(20,875)	(35,213)	(70,006)	(28,602)	(19,663)
Decrease/(increase) in trade and bills receivables		14,938	3,021	(20,716)	(6,523)	848
Decrease/(increase) in prepayments, other receivables and other assets		343	(28,712)	39,946	17,845	779
Increase/(decrease) in trade payables		11,200	(1,055)	30,320	2,340	263
(Decrease)/increase in other payables and accruals		(13,564)	29,790	6,665	(7,982)	(25,542)
(Decrease)/increase in contract liabilities		(4,076)	1,416	(1,661)	(1,464)	1,048
(Decrease)/increase in deferred income		(2,289)	414	(1,016)	(541)	(375)
Cash generated from operations		140,173	314,039	432,876	80,115	22,714
Income tax paid		(37,464)	(11,946)	(33,779)	(8,858)	(6,514)
Net cash flows generated from operating activities		102,709	302,093	399,097	71,257	16,200

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of items of property, plant and equipment		(24,966)	(38,648)	(47,251)	(23,659)	(7,130)
Proceeds from disposal of items of property, plant and equipment		1	–	90	–	–
Purchase of intangible assets		(8,089)	(9,474)	(9,340)	(1,895)	(372)
Purchase of time deposits		–	–	(743,000)	(220,000)	(505,000)
Maturity of time deposits		–	–	508,056	220,348	407,732
Proceeds from disposal of financial assets at fair value through profit or loss		1,879,725	2,012,753	2,662,677	1,185,371	1,234,066
Purchase of financial assets at fair value through profit or loss		(1,935,000)	(2,162,000)	(2,558,100)	(920,000)	(1,140,000)
Investment in associates		(9,000)	–	(21,897)	–	–
Purchase of equity investments designated at fair value through other comprehensive income		(35,493)	(28,000)	–	–	–
Net cash flows (used in)/generated from investing activities		(132,822)	(225,369)	(208,765)	240,165	(10,704)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution by non-controlling shareholders		1,920	–	–	–	–
Proceeds from exercise of restricted shares scheme		16,677	21,436	9,080	6,437	–
Lease payments		(4,440)	(4,760)	(5,395)	(1,301)	(1,157)
Repurchase and cancellation of A shares		–	(81,817)	–	–	–
Deregistration and liquidation of a subsidiary		(802)	–	–	–	–
Share issue expenses		–	–	(5,892)	–	(14,537)
Dividends paid		(106,752)	(31,468)	(47,435)	–	–
Others		–	–	1,142	(5)	(167)
Net cash flows (used in)/generated from financing activities		(93,397)	(96,609)	(48,500)	5,131	(15,861)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(123,510)	(19,885)	141,832	316,553	(10,365)
Cash and cash equivalents at beginning of year/period		717,324	592,822	577,701	577,701	711,171
Effect of foreign exchange rate changes, net		(992)	4,764	(8,362)	(163)	(6,054)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		592,822	577,701	711,171	894,091	694,752
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*26*	592,822	577,701	711,171	894,091	694,752
Cash and cash equivalents as stated in the statements of cash flows	*26*	592,822	577,701	711,171	894,091	694,752

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	210,912	228,262	248,741	251,383
Right-of-use assets	*16(a)*	4,220	5,062	5,172	4,062
Intangible assets	*17*	15,028	38,305	29,160	23,515
Financial assets at fair value through profit or loss	*18*	34,240	44,590	69,444	70,077
Other non-current assets	*19*	62,076	70,809	81,809	79,921
Deferred tax assets	*31*	12,148	11,888	8,767	11,162
Investment in associates	*21*	6,156	4,435	25,428	23,426
Investments in subsidiaries	*22*	69,568	77,779	83,150	83,657
Equity investments designated at fair value through other comprehensive income	*20*	35,000	70,259	132,287	133,685
Total non-current assets		449,348	551,389	683,958	680,888
CURRENT ASSETS					
Inventories	*23*	180,025	166,908	217,654	251,463
Trade and bills receivables	*24*	86,826	65,989	97,266	94,437
Prepayments, other receivables and other assets	*25*	76,798	133,346	114,049	112,853
Prepaid income tax		867	–	–	–
Financial assets at fair value through profit or loss	*18*	716,280	878,369	782,179	691,466
Amounts due from subsidiaries		155,345	175,988	114,890	116,769
Time deposits	*26(b)*	–	–	239,077	337,162
Cash and bank balances	*26(a)*	489,871	441,567	636,850	619,621
Total current assets		1,706,012	1,862,167	2,201,965	2,223,771

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES					
Trade payables	*27*	61,232	58,620	90,257	88,365
Contract liabilities	*28*	613	932	427	1,351
Other payables and accruals	*29*	22,256	38,490	47,705	21,891
Lease liabilities	*16(b)*	1,398	2,090	2,236	2,027
Tax payable		–	6,249	7,744	2,729
Amounts due to subsidiaries		8,008	14,461	20,972	23,599
Total current liabilities		93,507	120,842	169,341	139,962
NET CURRENT ASSETS		1,612,505	1,741,325	2,032,624	2,083,809
TOTAL ASSETS LESS CURRENT LIABILITIES		2,061,853	2,292,714	2,716,582	2,764,697
NON-CURRENT LIABILITIES					
Deferred income	*30*	4,477	4,891	3,875	3,500
Lease liabilities	*16(b)*	2,993	2,809	2,873	2,048
Other payables	*29*	1,232	455	3,043	2,996
Total non-current liabilities		8,702	8,155	9,791	8,544
Net assets		2,053,151	2,284,559	2,706,791	2,756,153
EQUITY					
Share capital	*32*	158,173	157,719	158,271	158,271
Reserves	*34*	1,894,978	2,126,840	2,548,520	2,597,882
Total equity		2,053,151	2,284,559	2,706,791	2,756,153

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was registered as a limited liability company in the People's Republic of China ("PRC") on 13 November 2009, and was converted into a joint stock company on 26 September 2018. The registered office of the Company is located at Building 10, No. 1761, Zhangdong Road, China (Shanghai) Pilot Free Trade Zone. The Company's A shares have been listed on the Shanghai Stock Exchange since 23 December 2019.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally involved in the research on and the sale of non-volatile memory chips, lens driver chips and NFC chips.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Notes	Place and date of registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
GIANTEC-SEMI IMPORT & EXPORT (HONG KONG) LIMITED* (聚辰半導體進出口(香港)有限公司)	*(ii)*	Hong Kong 11 December 2009	HKD100	100%	–	Sales of integrated circuits
Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司)	*(i)*	Chinese Mainland 22 October 2020	RMB2,000,000	51%	–	Integrated circuit research and development
Giantec Semiconductor (Suzhou) Co., Ltd.* (聚辰半導體(蘇州)有限公司)	*(i)*	Chinese Mainland 9 September 2021	RMB7,000,000	100%	–	Integrated circuit research and development
Giantec Semiconductor (Nanjing) Co., Ltd.* (聚辰半導體(南京)有限公司)	*(i)*	Chinese Mainland 16 September 2021	RMB10,000,000	100%	–	Integrated circuit research and development and sales
Giantec Semiconductor (Chengdu) Co., Ltd.* (聚辰半導體(成都)有限公司)	*(i)*	Chinese Mainland 29 January 2024	RMB20,000,000	100%	–	Integrated circuit research and development
Giantec Semiconductor Corporation	*(iii)*	United States 17 June 2010	USD200,000	–	100%	Provision of support services
Giantec Semiconductor (Singapore) PTE. LTD.	*(iii)*	Singapore 13 August 2024	SGD1	–	100%	Integrated circuit research and development

Notes:

* The English names of the above companies registered in Chinese Mainland represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

(i) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by BDO LLP Shanghai Branch (立信會計師事務所(特殊普通合夥)上海分所), certified public accountants registered in Chinese Mainland.

(ii) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and properly prepared in compliance with the Hong Kong Companies Ordinance was audited by PKF Hong Kong, certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.

(iii) No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024, and 2025.

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 2026, 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 assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the Historical Financial Information of the Group 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	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 Presentation of Financial Statements, while a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statements of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statements of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards, IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. 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 statements of profit or loss and statements of cash flows and additional disclosure will be included in the financial statements. Except for IFRS18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in associates is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures certain of its financial assets and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information 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, financial assets and non-current 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 the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (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	2.71% to 9.50%
Motor vehicles	19.00%
Machinery	9.50% to 19.00%
Electronic equipment	19.00%
Other equipment	19.00%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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 profit or loss in the reporting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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	1 to 10 years
Patents	2 to 10 years
Non-patent technology	2 to 3 years

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.

(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:

Buildings	22 to 74 months

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial 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.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers 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

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, processing costs and other costs. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and at banks as defined above.

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 and an associate, 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 and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the 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 consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales contracts between the Group and its customers include performance obligations to transfer chips, which are satisfied at a point in time.

The Group generates revenue from the sale of chips, including sales from direct selling model and sales from distribution arrangements, which is recognised at the point in time when control of the assets is transferred to the customers, which is the point of acceptance by the customers according to the contract.

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 restricted A share incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. 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 of restricted A shares for employees is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, the Group accounts for the restricted A-share incentive schemes as equity-settled share-based schemes, further details of which are given in note 33 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.

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.

The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. 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 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.

Foreign currencies

The Historical Financial Information are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the beginning of the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the beginning of the month in which the transaction occurs. 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 currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates 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/period are translated into RMB at the weighted average exchange rates for the year/period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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 for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 31 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision 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 days past due for 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 calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail 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 and bills receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the Historical Financial Information, respectively.

Write-down of inventories to net realisable value

In accordance with the inventory accounting policy, the Group measures inventories at the lower of cost and net realisable value, and accrues inventory price falling reserves for inventories whose costs are higher than net realisable value. The write-down of inventories to net realisable value is based on the assessment of the marketability of inventories and their net realisable value. Identifying write-down of inventories to net realisable value requires management to make judgements and estimates based on the availability of conclusive evidence and taking into account factors such as the purpose for which the inventory is held and the impact of events after the reporting period. The difference between the actual result and the original estimate will affect the book value of the inventory and the accrual or reversal of the inventory depreciation reserves in the period in which the estimate is changed.

Estimated fair value of unlisted financial investments

The fair value of financial investments that are not traded in an active market, such as unlisted investments measured at fair value is determined using valuation techniques. The Group uses its judgement to select methods and make assumptions that are consistent with the characteristics of the assets considered by market participants in the transactions of related assets. The Group uses the relevant observable inputs as much as possible and uses unobservable input values if the relevant observable inputs cannot be obtained or are not feasible. The key assumptions adopted in the valuation methodologies are set out in note 40 to the Historical Financial Information.

Share-based payments

Restricted A-share incentive schemes are operated for the purpose of providing incentives to the Group's employees. The grant date fair values of the shares of the employee incentive schemes are determined based on valuation. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 33 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decision on resource allocation and performance assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Chinese Mainland	379,027	468,877	567,605	107,988	151,716
Macau, Hong Kong and Taiwan	260,674	465,170	579,046	132,849	110,582
South Korea	40,486	66,655	48,362	14,359	9,390
Other countries/regions	23,290	27,575	26,271	5,870	8,306
Total	703,477	1,028,277	1,221,284	261,066	279,994

The revenue information above is based on the locations where the customers are incorporated.

(b) Non-current assets

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	238,437	258,206	306,656	301,038
Other countries/regions	310	355	228	140
Total	238,747	258,561	306,884	301,178

The non-current asset information above is based on the locations of reporting entities and excludes investments in financial instruments and deferred tax assets.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	161,356	353,698	453,947	103,806	74,793
Customer B	132,793	121,544	*	*	*

* The corresponding 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 respective period.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers	703,477	1,028,277	1,221,284	261,066	279,994

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of goods					
Non-volatile memory chips	561,688	885,989	1,069,499	232,069	247,512
Lens driver chips	87,163	105,010	113,922	21,345	16,619
NFC chips and others	54,626	37,278	37,863	7,652	15,863
Total	703,477	1,028,277	1,221,284	261,066	279,994
Locations where the customers are incorporated					
Chinese Mainland	379,027	468,877	567,605	107,988	151,716
Macau, Hong Kong and Taiwan	260,674	465,170	579,046	132,849	110,582
South Korea	40,486	66,655	48,362	14,359	9,390
Other countries/regions	23,290	27,575	26,271	5,870	8,306
Total	703,477	1,028,277	1,221,284	261,066	279,994
Timing of revenue recognition					
Goods transferred at a point in time	703,477	1,028,277	1,221,284	261,066	279,994

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	4,812	736	2,152	2,152	483

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of non-volatile memory chips, lens driver chips, NFC chips and others

The performance obligation is satisfied upon delivery of chips to the customer and payment is generally due within 30 to 90 days.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Government grants*	14,522	9,550	3,130	547	381
Bank interest income	11,170	10,383	16,291	1,749	857
Interest income from time deposits	–	–	4,133	348	817
Additional VAT deduction**	–	2,472	1,079	411	–
Reversal of write-down of inventories to net realisable value	–	–	–	–	1,311
Others	162	299	233	208	441
Total other income	25,854	22,704	24,866	3,263	3,807
Other gains					
Foreign exchange differences, net	–	6,816	–	–	–
Gain on financial assets at fair value through profit or loss	4,698	23,192	33,241	19,526	4,016
Others	821	383	765	63	–
Total other gains	5,519	30,391	34,006	19,589	4,016
Total other income and gains	31,373	53,095	58,872	22,852	7,823

* 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. And the Group has received certain government grants related to purchases of items of property, plant and equipment. 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 calculated based on the input value-added tax ("**VAT**") from the VAT payable. The amount of additional deduction is recognised in profit or loss when the entities apply the preferential tax treatment.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold*		375,738	464,688	521,612	103,665	142,980
Depreciation of property, plant and equipment	*15*	9,222	12,879	17,069	3,923	5,212
Depreciation of right-of-use assets	*16*	4,283	4,554	5,155	1,232	1,127
Amortisation of intangible assets	*17*	6,818	8,765	8,648	2,387	2,749
Research and development costs*		160,807	175,610	207,815	41,041	66,732
Gain on financial assets at fair value through profit or loss	*6*	(4,698)	(23,192)	(33,241)	(19,526)	(4,016)
Foreign exchange differences, net	*6,8*	925	(6,816)	10,910	222	6,860
(Reversal of impairment)/impairment of financial assets		(729)	40	759	171	(136)
Write-down/(reversal of write-down) of inventories to net realisable value	*6,8*	7,640	17,017	30,972	8,804	(1,311)
Bank interest income	*6*	(11,170)	(10,383)	(16,291)	(1,749)	(857)
Interest income from time deposits	*6*	–	–	(4,133)	(348)	(817)
Donations	*8*	2,000	3,800	100	–	–

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration *(note 10)*):						
Wages and salaries		98,729	132,470	155,880	33,325	38,789
Pension scheme contributions		9,652	11,194	13,515	3,331	3,787
Equity-settled share-based payment expense	*33*	44,643	27,393	31,375	3,398	23,727

* Cost of inventories sold and research and development costs include expenses relating to depreciation of property, plant and equipment, amortisation of intangible assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Foreign exchange differences, net	925	–	10,910	222	6,860
Donations	2,000	3,800	100	–	–
Write-down of inventories to net realisable value	7,640	17,017	30,972	8,804	–
Others	563	207	648	21	37
Total	11,128	21,024	42,630	9,047	6,897

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	383	344	255	73	45

10. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	300	300	480	–	180
Other emoluments:					
Salaries, allowances and benefits in kind	4,248	9,024	10,626	1,805	1,670
Pension scheme contributions	239	295	240	62	36
Equity-settled share-based payment expense	–	1,899	954	239	125
Total	4,787	11,518	12,300	2,106	2,011

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Mr. Pan Min *(i)*	100	72	–	–	–
Mr. Rao Yao *(ii)*	100	72	–	–	–
Mr. Huang Yijian *(iii)*	78	–	–	–	–
Ms. Chen Dong *(iv)*	22	100	120	–	45
Mr. Qin Tianbao *(v)*	–	28	120	–	–
Ms. Luo Zhi *(vi)*	–	28	120	–	45
Mr. Mao Zhenhua *(vii)*	–	–	–	–	45
Mr. Sun Kai *(viii)*	–	–	–	–	45
Total	300	300	360	–	180

(i) Mr. Pan Min was appointed as an independent non-executive director of the Company with effect from 26 October 2018 and resigned on 20 September 2024.

(ii) Mr. Rao Yao was appointed as an independent non-executive director of the Company with effect from 26 October 2018 and resigned on 20 September 2024.

(iii) Mr. Huang Yijian was appointed as an independent non-executive director of the Company with effect from 5 September 2018 and resigned on 10 October 2023.

(iv) Ms. Chen Dong was appointed as an independent non-executive director of the Company with effect from 13 October 2023.

(v) Mr. Qin Tianbao was appointed as an independent non-executive director of the Company with effect from 20 September 2024 and resigned on 16 January 2026.

(vi) Ms. Luo Zhi was appointed as an independent non-executive director of the Company with effect from 20 September 2024.

(vii) Mr. Mao Zhenhua was appointed as an independent non-executive director of the Company with effect from 16 January 2026.

(viii) Mr. Sun Kai was appointed as an independent non-executive director of the Company with effect from 16 January 2026.

There were no other emoluments payable to the independent non-executive directors during the reporting periods.

(b) Executive directors and supervisors

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	–	–	–	–
Mr. Zhang Jianchen *(ii)*	–	1,800	68	–	1,868
Mr. Yuan Chongwei *(iii)*	–	884	68	–	952
Mr. Fu Zhijun *(iv)*	–	1,262	68	–	1,330
Subtotal	–	3,946	204	–	4,150
Supervisors:					
Mr. Ding Sui *(v)*	–	–	–	–	–
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	203	25	–	228
Ms. Qiu Jing *(viii)*	–	99	10	–	109
Subtotal	–	302	35	–	337
Total	–	4,248	239	–	4,487

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	3,000	–	–	3,000
Mr. Zhang Jianchen *(ii)*	–	2,360	70	–	2,430
Mr. Yuan Chongwei *(iii)*	–	968	53	–	1,021
Mr. Fu Zhijun *(iv)*	–	1,604	71	–	1,675
Mr. Weng Huaqiang *(ix)*	–	776	68	1,899	2,743
Subtotal	–	8,708	262	1,899	10,869
Supervisors:					
Mr. Ding Sui *(v)*	–	–	–	–	–
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	316	33	–	349
Mr. Ye Yonggang *(x)*	–	–	–	–	–
Subtotal	–	316	33	–	349
Total	–	9,024	295	1,899	11,218

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	3,000	–	–	3,000
Mr. Zhang Jianchen *(ii)*	–	4,595	71	–	4,666
Mr. Fu Zhijun *(iv)*	–	1,535	71	–	1,606
Mr. Weng Huaqiang *(ix)*	–	1,174	71	954	2,199
Subtotal	–	10,304	213	954	11,471
Supervisors:					
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	322	27	–	349
Mr. Ye Yonggang *(x)*	120	–	–	–	120
Subtotal	120	322	27	–	469
Total	120	10,626	240	954	11,940

Three months ended 31 March 2025 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	750	–	–	750
Mr. Zhang Jianchen *(ii)*	–	450	18	–	468
Mr. Fu Zhijun *(iv)*	–	329	18	–	347
Mr. Weng Huaqiang *(ix)*	–	192	18	239	449
Subtotal	–	1,721	54	239	2,014
Supervisors:					
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	84	8	–	92
Mr. Ye Yonggang *(x)*	–	–	–	–	–
Subtotal	–	84	8	–	92
Total	–	1,805	62	239	2,106

Three months ended 31 March 2026

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	750	–	–	750
Mr. Zhang Jianchen *(ii)*	–	705	18	–	723
Mr. Weng Huaqiang *(ix)*	–	215	18	125	358
Total	–	1,670	36	125	1,831

(i) Mr. Chen Zuotao was appointed as an executive director of the Company and the chairman of the board of directors with effect from 6 April 2017.

(ii) Mr. Zhang Jianchen was appointed as an executive director of the Company with effect from 13 April 2020.

(iii) Mr. Yuan Chongwei was appointed as an executive director of the Company with effect from 3 September 2021 and resigned on 20 September 2024.

(iv) Mr. Fu Zhijun was appointed as an executive director of the Company with effect from 3 September 2021 and resigned on 31 December 2025.

(v) Mr. Ding Sui was appointed as a supervisor of the Company with effect from 3 September 2021 and resigned on 20 September 2024.

(vi) Mr. Yan Huaike was appointed as a supervisor of the Company with effect from 3 September 2021 and resigned on 13 October 2025.

(vii) Ms. Zhou Jiexian was appointed as a supervisor of the Company with effect from 27 July 2023 and resigned on 13 October 2025.

(viii) Ms. Qiu Jing was appointed as a supervisor of the Company with effect from 3 September 2021 and resigned on 27 July 2023.

(ix) Mr. Weng Huaqiang was appointed as an executive director of the Company with effect from 20 September 2024.

(x) Mr. Ye Yonggang was appointed as a supervisor of the Company with effect from 20 September 2024 and resigned on 13 October 2025.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024, 2025 and three months ended 31 March 2025 and 2026 included nil, 2, 2, 2 and nil directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining 5, 3, 3, 3 and 5 highest paid employees who are neither a director nor chief executive of the Company for the year ended 31 December 2023, 2024, 2025 and three months ended 31 March 2025 and 2026 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,925	4,093	5,065	2,026	1,228
Pension scheme contributions	324	213	213	72	90
Equity-settled share-based payment expense	8,083	5,132	6,918	450	8,922
Total	12,332	9,438	12,196	2,548	10,240

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			Three months ended 31 March	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HKD2,000,000	2	–	–	3	4
HKD2,000,001 to HKD2,500,000	2	1	–	–	–
HKD2,500,001 to HKD3,000,000	–	1	1	–	–
HKD3,000,001 to HKD3,500,000	1	–	–	–	–
HKD3,500,001 to HKD4,000,000	–	1	1	–	–
HKD4,000,001 to HKD4,500,000	–	–	–	–	–
HKD4,500,001 to HKD5,000,000	–	–	1	–	1
Total	5	3	3	3	5

During the reporting periods, restricted shares were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 33 to the Historical Financial Information. The fair value of the share-based compensation, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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

The Company and its subsidiaries registered in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for following subsidiaries which are entitled to tax preferential treatment set out below:

According to the announcement on preferential corporate income tax policies for integrated circuit and software industries, the Company was entitled to a preferential tax rate of 10% during the Relevant Periods.

Shanghai Judong Semiconductor Co., Ltd. was accredited as a "High and New Technology Enterprise" and therefore entitled to a preferential corporate income tax rate of 15% during the Relevant Periods. Such qualification is subject to review by the relevant PRC governmental authorities every three years.

Hong Kong

Pursuant to the relevant tax laws, the subsidiary located in Hong Kong which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% during the Relevant Periods.

The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal and state corporate income taxes at the rates of 21% and 8.84% of taxable income, respectively, for the Relevant Periods.

Singapore

Pursuant to the relevant tax laws, the subsidiary located in Singapore was subject to corporate income tax at a tax rate of 17% during the Relevant Periods.

The income tax of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current income tax	4,681	23,619	29,004	7,926	1,788
Deferred income tax	(2,712)	(1,088)	(5,063)	(1,433)	(2,071)
Total	1,969	22,531	23,941	6,493	(283)

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			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	84,664	298,571	379,779	103,932	32,247
Tax at the applicable tax rate of 10%	8,466	29,857	37,978	10,393	3,225
Effect of different tax rates of subsidiaries	(1,161)	350	64	176	67
Adjustments in respect of current tax of previous periods	97	(396)	595	–	–
Expenses not deductible for tax	1,162	682	738	64	119
Utilisation of tax losses not recognised from previous periods	(1,395)	(1,621)	(1,190)	(541)	(522)
Unrecognised temporary differences and tax losses	6,733	6,026	3,127	1,012	–
Effect of super deduction for research and development costs and others	(11,933)	(12,367)	(17,371)	(4,611)	(3,172)
Tax charge at the Group's effective rate	1,969	22,531	23,941	6,493	(283)

13. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Final dividends in respect of the previous year, declared or paid during the year/period (tax inclusive)	106,752	31,468	47,435	–	–

The final dividends of RMB0.88, RMB0.20 and RMB0.30 (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, of which RMB106,752,000, RMB31,468,000 and RMB47,435,000 were paid during the years ended 31 December 2023, 2024 and 2025.

Pursuant to the resolution of the 2025 Annual General Meeting, a dividend of RMB0.70 (inclusive of tax) for each ordinary share in respect of the years ended 31 December 2025, with total amounting to RMB110,790,000, was approved. Further details of which are included in the disclosures in note 42 to the Historical Financial Information.

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/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The restricted shares granted by the Company have a potential dilutive effect on the earnings per share. 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, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number 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 calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent (RMB'000)	100,358	290,270	363,576	99,481	30,844
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation ('000)	157,684	157,590	158,072	157,844	158,271
Effect of dilution – weighted average number of ordinary shares ('000):					
Restricted shares	2,155	1,588	1,303	1,111	2,106
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000)	159,839	159,178	159,375	158,955	160,377

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	–	648	22,986	14,220	153	372	165,561	203,940
Accumulated depreciation	–	(188)	(1,350)	(10,072)	(72)	(31)	–	(11,713)
Net carrying amount	–	460	21,636	4,148	81	341	165,561	192,227
At 1 January 2023, net of accumulated depreciation	–	460	21,636	4,148	81	341	165,561	192,227
Additions	443	–	13,152	2,270	1,907	651	11,857	30,280
Disposals	–	–	–	(56)	–	–	–	(56)
Depreciation provided during the year	(4,485)	(123)	(2,966)	(1,192)	(320)	(136)	–	(9,222)
Transfers	162,693	–	7,086	–	–	–	(169,779)	–
At 31 December 2023, net of accumulated depreciation	158,651	337	38,908	5,170	1,668	856	7,639	213,229
At 31 December 2023:								
Cost	163,136	648	43,224	16,430	2,060	1,023	7,639	234,160
Accumulated depreciation	(4,485)	(311)	(4,316)	(11,260)	(392)	(167)	–	(20,931)
Net carrying amount	158,651	337	38,908	5,170	1,668	856	7,639	213,229

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	163,136	648	43,224	16,430	2,060	1,023	7,639	234,160
Accumulated depreciation	(4,485)	(311)	(4,316)	(11,260)	(392)	(167)	–	(20,931)
Net carrying amount	158,651	337	38,908	5,170	1,668	856	7,639	213,229
At 1 January 2024, net of accumulated depreciation	158,651	337	38,908	5,170	1,668	856	7,639	213,229
Additions	311	419	23,948	2,170	41	406	3,347	30,642
Disposals	–	–	(18)	–	–	–	–	(18)
Depreciation provided during the year	(5,441)	(176)	(5,250)	(1,324)	(384)	(304)	–	(12,879)
Transfers	–	–	4,497	–	–	–	(4,497)	–
At 31 December 2024, net of accumulated depreciation	153,521	580	62,085	6,016	1,325	958	6,489	230,974
At 31 December 2024:								
Cost	163,447	1,067	71,642	18,600	2,101	1,430	6,489	264,776
Accumulated depreciation	(9,926)	(487)	(9,557)	(12,584)	(776)	(472)	–	(33,802)
Net carrying amount	153,521	580	62,085	6,016	1,325	958	6,489	230,974

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	163,447	1,067	71,642	18,600	2,101	1,430	6,489	264,776
Accumulated depreciation	(9,926)	(487)	(9,557)	(12,584)	(776)	(472)	–	(33,802)
Net carrying amount	153,521	580	62,085	6,016	1,325	958	6,489	230,974
At 1 January 2025, net of accumulated depreciation	153,521	580	62,085	6,016	1,325	958	6,489	230,974
Additions	–	489	34,523	2,602	9	840	–	38,463
Disposals	–	(18)	–	(23)	–	(1)	(251)	(293)
Depreciation provided during the year	(5,444)	(199)	(8,524)	(1,891)	(387)	(624)	–	(17,069)
Transfers	–	–	6,238	–	–	–	(6,238)	–
At 31 December 2025, net of accumulated depreciation	148,077	852	94,322	6,704	947	1,173	–	252,075
At 31 December 2025:								
Cost	163,447	1,189	112,403	20,800	2,110	2,268	–	302,217
Accumulated depreciation	(15,370)	(337)	(18,081)	(14,096)	(1,163)	(1,095)	–	(50,142)
Net carrying amount	148,077	852	94,322	6,704	947	1,173	–	252,075

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 March 2026							
At 1 January 2026:							
Cost	163,447	1,189	112,403	20,800	2,110	2,268	302,217
Accumulated depreciation	(15,370)	(337)	(18,081)	(14,096)	(1,163)	(1,095)	(50,142)
Net carrying amount	148,077	852	94,322	6,704	947	1,173	252,075
At 1 January 2026, net of accumulated depreciation	148,077	852	94,322	6,704	947	1,173	252,075
Additions	–	–	5,907	1,604	–	74	7,585
Depreciation provided during the period	(1,361)	(57)	(2,884)	(491)	(97)	(322)	(5,212)
At 31 March 2026, net of accumulated depreciation	146,716	795	97,345	7,817	850	925	254,448
At 31 March 2026:							
Cost	163,447	1,189	118,310	22,404	2,110	2,342	309,802
Accumulated depreciation	(16,731)	(394)	(20,965)	(14,587)	(1,260)	(1,417)	(55,354)
Net carrying amount	146,716	795	97,345	7,817	850	925	254,448

The Company

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	–	648	22,986	12,622	100	372	165,561	202,289
Accumulated depreciation	–	(188)	(1,350)	(9,665)	(63)	(31)	–	(11,297)
Net carrying amount	–	460	21,636	2,957	37	341	165,561	190,992
At 1 January 2023, net of accumulated depreciation	–	460	21,636	2,957	37	341	165,561	190,992
Additions	443	–	13,152	1,118	1,862	284	11,857	28,716
Depreciation provided during the year	(4,485)	(123)	(2,966)	(835)	(308)	(79)	–	(8,796)
Transfers	162,693	–	7,086	–	–	–	(169,779)	–
At 31 December 2023, net of accumulated depreciation	158,651	337	38,908	3,240	1,591	546	7,639	210,912
At 31 December 2023:								
Cost	163,136	648	43,224	13,740	1,962	656	7,639	231,005
Accumulated depreciation	(4,485)	(311)	(4,316)	(10,500)	(371)	(110)	–	(20,093)
Net carrying amount	158,651	337	38,908	3,240	1,591	546	7,639	210,912

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	163,136	648	43,224	13,740	1,962	656	7,639	231,005
Accumulated depreciation	(4,485)	(311)	(4,316)	(10,500)	(371)	(110)	–	(20,093)
Net carrying amount	158,651	337	38,908	3,240	1,591	546	7,639	210,912
At 1 January 2024, net of accumulated depreciation	158,651	337	38,908	3,240	1,591	546	7,639	210,912
Additions	311	419	23,948	1,258	23	301	3,347	29,607
Disposals	–	–	(18)	–	–	–	–	(18)
Depreciation provided during the year	(5,441)	(176)	(5,250)	(849)	(365)	(158)	–	(12,239)
Transfers	–	–	4,497	–	–	–	(4,497)	–
At 31 December 2024, net of accumulated depreciation	153,521	580	62,085	3,649	1,249	689	6,489	228,262
At 31 December 2024:								
Cost	163,447	1,067	71,642	14,998	1,985	957	6,489	260,585
Accumulated depreciation	(9,926)	(487)	(9,557)	(11,349)	(736)	(268)	–	(32,323)
Net carrying amount	153,521	580	62,085	3,649	1,249	689	6,489	228,262

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	163,447	1,067	71,642	14,998	1,985	957	6,489	260,585
Accumulated depreciation	(9,926)	(487)	(9,557)	(11,349)	(736)	(268)	–	(32,323)
Net carrying amount	153,521	580	62,085	3,649	1,249	689	6,489	228,262
At 1 January 2025, net of accumulated depreciation	153,521	580	62,085	3,649	1,249	689	6,489	228,262
Additions	–	489	34,523	1,786	6	–	–	36,804
Disposals	–	(18)	–	(23)	–	–	(251)	(292)
Depreciation provided during the year	(5,444)	(199)	(8,524)	(1,287)	(365)	(214)	–	(16,033)
Transfers	–	–	6,238	–	–	–	(6,238)	–
At 31 December 2025, net of accumulated depreciation	148,077	852	94,322	4,125	890	475	–	248,741
At 31 December 2025:								
Cost	163,447	1,189	112,403	16,384	1,991	957	–	296,371
Accumulated depreciation	(15,370)	(337)	(18,081)	(12,259)	(1,101)	(482)	–	(47,630)
Net carrying amount	148,077	852	94,322	4,125	890	475	–	248,741

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 March 2026							
At 1 January 2026:							
Cost	163,447	1,189	112,403	16,384	1,991	957	296,371
Accumulated depreciation	(15,370)	(337)	(18,081)	(12,259)	(1,101)	(482)	(47,630)
Net carrying amount	148,077	852	94,322	4,125	890	475	248,741
At 1 January 2026, net of accumulated depreciation	148,077	852	94,322	4,125	890	475	248,741
Additions	–	–	5,907	1,604	–	74	7,585
Depreciation provided during the period	(1,361)	(57)	(2,884)	(340)	(90)	(211)	(4,943)
At 31 March 2026, net of accumulated depreciation	146,716	795	97,345	5,389	800	338	251,383
At 31 March 2026:							
Cost	163,447	1,189	118,310	17,988	1,991	1,031	303,956
Accumulated depreciation	(16,731)	(394)	(20,965)	(12,599)	(1,191)	(693)	(52,573)
Net carrying amount	146,716	795	97,345	5,389	800	338	251,383

16. LEASES

The Group as a lessee

During the reporting period, the Group entered into certain long-term lease contracts for buildings which have lease terms of 22 to 74 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(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

	Buildings
	RMB'000
As at 1 January 2023	8,966
Additions	6,053
Termination and revision of leases	(2,430)
Exchange realignment	7
Depreciation provided during the year	(4,283)
As at 31 December 2023 and 1 January 2024	8,313
Additions	8,428
Termination and revision of leases	(2,248)
Exchange realignment	4
Depreciation provided during the year	(4,554)
As at 31 December 2024 and 1 January 2025	9,943
Additions	2,680
Termination and revision of leases	(154)
Exchange realignment	(5)
Depreciation provided during the year	(5,155)
As at 31 December 2025 and 1 January 2026	7,309
Revision of leases	(582)
Exchange realignment	(2)
Depreciation provided during the period	(1,127)
As at 31 March 2026	5,598

The Company

	Buildings
	RMB'000
As at 1 January 2023	6,639
Additions	1,801
Termination and revision of leases	(2,076)
Depreciation provided during the year	(2,144)
As at 31 December 2023 and 1 January 2024	4,220
Additions	4,905
Termination and revision of leases	(2,248)
Depreciation provided during the year	(1,815)
As at 31 December 2024 and 1 January 2025	5,062
Additions	2,680
Depreciation provided during the year	(2,570)
As at 31 December 2025 and 1 January 2026	5,172
Revision of leases	(582)
Depreciation provided during the period	(528)
As at 31 March 2026	4,062

(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			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	8,900	8,260	9,737	7,118
New leases	6,053	8,428	2,680	–
Accretion of interest recognised during the year/period	383	344	255	45
Exchange realignment	4	4	(5)	(2)
Payments	(4,440)	(4,760)	(5,395)	(1,157)
Termination and revision of leases	(2,640)	(2,539)	(154)	(582)
Carrying amount at the end of the year/period	8,260	9,737	7,118	5,422
Analysed into:				
Current portion	3,167	4,798	3,788	3,089
Non-current portion	5,093	4,939	3,330	2,333

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	6,791	4,391	4,899	5,109
New leases	1,801	4,905	2,680	–
Accretion of interest recognised during the year/period	236	195	151	32
Payments	(2,165)	(2,053)	(2,621)	(484)
Termination and revision of leases	(2,272)	(2,539)	–	(582)
Carrying amount at the end of the year/period	4,391	4,899	5,109	4,075
Analysed into:				
Current portion	1,398	2,090	2,236	2,027
Non-current portion	2,993	2,809	2,873	2,048

The maturity analysis of lease liabilities is disclosed in note 41 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	383	344	255	45
Depreciation charge of right-of-use assets	4,283	4,554	5,155	1,127
Expense relating to short-term leases and low-value assets	89	267	1,043	275
Total amount recognised in profit or loss	4,755	5,165	6,453	1,447

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	236	195	151	32
Depreciation charge of right-of-use assets	2,144	1,815	2,570	528
Total amount recognised in profit or loss	2,380	2,010	2,721	560

The total cash outflows for leases are disclosed in note 36(c) to the Historical Financial Information.

17. INTANGIBLE ASSETS

The Group

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	8,276	–	781	9,057
Additions	7,348	–	236	7,584
Amortisation during the year	(6,027)	–	(791)	(6,818)
At 31 December 2023	9,597	–	226	9,823
At 31 December 2023:				
Cost	25,811	4,653	5,730	36,194
Accumulated amortisation	(16,214)	(4,653)	(5,504)	(26,371)
Net carrying amount	9,597	–	226	9,823
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	9,597	–	226	9,823
Additions	6,459	–	–	6,459
Amortisation during the year	(8,539)	–	(226)	(8,765)
At 31 December 2024	7,517	–	–	7,517
At 31 December 2024:				
Cost	32,270	4,653	5,730	42,653
Accumulated amortisation	(24,753)	(4,653)	(5,730)	(35,136)
Net carrying amount	7,517	–	–	7,517
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	7,517	–	–	7,517
Additions	11,997	–	1,714	13,711
Amortisation during the year	(8,258)	–	(390)	(8,648)
At 31 December 2025	11,256	–	1,324	12,580
At 31 December 2025:				
Cost	44,267	4,653	7,444	56,364
Accumulated amortisation	(33,011)	(4,653)	(6,120)	(43,784)
Net carrying amount	11,256	–	1,324	12,580
31 March 2026				
Cost at 1 January 2026, net of accumulated amortisation	11,256	–	1,324	12,580
Additions	271	–	–	271
Amortisation during the period	(1,985)	–	(764)	(2,749)
At 31 March 2026	9,542	–	560	10,102
At 31 March 2026:				
Cost	44,538	4,653	7,444	56,635
Accumulated amortisation	(34,996)	(4,653)	(6,884)	(46,533)
Net carrying amount	9,542	–	560	10,102

The Company

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	8,276	–	6,721	14,997
Additions	7,264	–	2,264	9,528
Amortisation during the year	(6,011)	–	(3,486)	(9,497)
At 31 December 2023	9,529	–	5,499	15,028
At 31 December 2023:				
Cost	25,727	4,653	14,810	45,190
Accumulated amortisation	(16,198)	(4,653)	(9,311)	(30,162)
Net carrying amount	9,529	–	5,499	15,028
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	9,529	–	5,499	15,028
Additions	6,409	–	37,956	44,365
Amortisation during the year	(8,469)	–	(12,619)	(21,088)
At 31 December 2024	7,469	–	30,836	38,305
At 31 December 2024:				
Cost	32,136	4,653	52,766	89,555
Accumulated amortisation	(24,667)	(4,653)	(21,930)	(51,250)
Net carrying amount	7,469	–	30,836	38,305
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	7,469	–	30,836	38,305
Additions	11,948	–	1,714	13,662
Amortisation during the year	(8,145)	–	(14,662)	(22,807)
At 31 December 2025	11,272	–	17,888	29,160
At 31 December 2025:				
Cost	44,084	4,653	54,480	103,217
Accumulated amortisation	(32,812)	(4,653)	(36,592)	(74,057)
Net carrying amount	11,272	–	17,888	29,160
31 March 2026				
Cost at 1 January 2026, net of accumulated amortisation	11,272	–	17,888	29,160
Additions	220	–	–	220
Amortisation during the period	(1,966)	–	(3,899)	(5,865)
At 31 March 2026	9,526	–	13,989	23,515
At 31 March 2026:				
Cost	44,304	4,653	54,480	103,437
Accumulated amortisation	(34,778)	(4,653)	(40,491)	(79,922)
Net carrying amount	9,526	–	13,989	23,515

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Structured deposits	634,030	789,004	782,179	691,466
Listed equity investment	82,250	89,365	–	–
Subtotal	716,280	878,369	782,179	691,466
Non-current				
Private equity fund	34,240	44,590	69,444	70,077
Total	750,520	922,959	851,623	761,543

19. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for property, plant and equipment	1,226	5,692	9,492	7,604

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for property, plant and equipment	1,226	5,692	9,492	7,604
Prepayment for intangible assets	60,850	65,117	72,317	72,317
Total	62,076	70,809	81,809	79,921

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Non-listed equity investments, at fair value	35,493	70,881	132,895	134,284

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Non-listed equity investments, at fair value	35,000	70,259	132,287	133,685

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. INVESTMENT IN ASSOCIATES

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Xiqian Semiconductor Co., Ltd. (Jiangsu Xiqian)	6,156	4,435	1,398	–
Shenzhen Gencun Technology Co., Ltd. (Shenzhen Gencun)	–	–	24,030	23,426
Investment in associates	6,156	4,435	25,428	23,426

Particulars of the associates as at the end of each reporting period are as follows:

Name	Place of incorporation	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activity
Jiangsu Xiqian*	Chinese Mainland	RMB100,000,000	30.00	Integrated circuit research and development and sales
Shenzhen Gencun** . . .	Chinese Mainland	RMB1,800,831	15.55	Integrated circuit research and development and sales

* In December 2022, the Group invested a 30% equity interest in Jiangsu Xiqian. As the Group can appoint one director of Jiangsu Xiqian under the articles of association, the Group has the power to participate in the financial and operating policy decisions of Jiangsu Xiqian, and therefore can exercise significant influence over Jiangsu Xiqian. In January 2026, due to a transfer of equity interest together with an amendment to the power of assigning directors, the Group's equity interest in Jiangsu Xiqian was diluted to 7.5% and the Group lost significant influence over Jiangsu Xiqian. The investment was subsequently remeasured and classified as an equity investment designated at fair value through other comprehensive income.

** In October 2025, the Group invested a 15.55% equity interest in Shenzhen Gencun. As the Group can appoint one director of Shenzhen Gencun under the articles of association, the Group has the power to participate in the financial and operating policy decisions of Shenzhen Gencun, and therefore can exercise significant influence over Shenzhen Gencun.

As at 31 December 2023, 2024, 2025 and 31 March 2026, the carrying amount of Group's investment in associates were RMB6,156,000, RMB4,435,000, RMB25,428,000 and RMB23,426,000, which are not considered material to the Group. The investment in associates is accounted for using the equity method.

The following table illustrates the aggregate financial information of the Group's associates that is not individually material:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' loss for the year/period	(1,603)	(1,721)	(3,649)	(604)
Share of the associates' comprehensive loss for the year/period	(1,603)	(1,721)	(3,649)	(604)
Aggregate carrying amount of the Group's investment in the associates	6,156	4,435	25,428	23,426

22. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	69,568	77,779	83,150	83,657
Impairment losses on investments in subsidiaries	–	–	–	–
Investments in subsidiaries	69,568	77,779	83,150	83,657

23. INVENTORIES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	62,328	65,761	50,275	75,803
Finished goods	54,407	69,709	102,894	100,407
Materials consigned for processing . .	45,792	57,000	80,385	80,861
Semi-finished goods	62,653	50,582	47,114	44,528
Goods in transit	–	324	1,742	1,785
Total	225,180	243,376	282,410	303,384

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	40,153	10,034	8,370	42,312
Finished goods	51,137	61,992	91,431	89,649
Materials consigned for processing	41,334	55,095	72,623	75,456
Semi-finished goods	47,401	39,463	43,487	42,261
Goods in transit	–	324	1,743	1,785
Total	180,025	166,908	217,654	251,463

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	132,100	133,645	146,560	145,672
Bills receivables	15,840	11,274	19,075	19,114
Less: Allowance for credit losses	(3,963)	(4,009)	(4,580)	(4,434)
Total	143,977	140,910	161,055	160,352

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	79,687	64,201	86,649	84,624
Bills receivables	9,530	3,714	13,399	12,416
Less: Allowance for credit losses	(2,391)	(1,926)	(2,782)	(2,603)
Total	86,826	65,989	97,266	94,437

The Group's trading terms with its certain customers are on credit, and the credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. 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 and bills receivables as at the end of each of the Relevant Periods, based on the goods acceptance date and net of allowance for expected credit losses, is as follows:

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	143,977	140,910	161,055	160,352

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	86,826	65,989	97,266	94,437

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	4,643	3,963	4,009	4,580
Impairment losses, net	(706)	23	601	(125)
Exchange realignment	43	23	(30)	(21)
Amount written off as uncollectible	(17)	–	–	–
At end of year/period	3,963	4,009	4,580	4,434

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,129	2,391	1,926	2,782
Impairment losses, net	1,279	(465)	856	(179)
Amount written off as uncollectible	(17)	–	–	–
At end of year/period	2,391	1,926	2,782	2,603

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 and bills receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following table details the risk profile of trade and bills receivables:

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	147,940	2.68%	3,963

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	144,919	2.77%	4,009

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	165,635	2.77%	4,580

	As at 31 March 2026		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	164,786	2.69%	4,434

The Company

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	89,217	2.68%	2,391

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	67,915	2.84%	1,926

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	100,048	2.78%	2,782

	As at 31 March 2026		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	*RMB'000*	
Within 1 year	97,040	2.68%	2,603

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	32,331	57,552	17,851	21,144
Value-added tax recoverable	14,734	17,644	17,076	13,143
Listing expenditures	–	–	9,893	21,308
Deposits	1,435	1,718	1,895	1,629
Other receivables	1,113	1,411	444	571
Subtotal	49,613	78,325	47,159	57,795
Less: Impairment losses	(1,185)	(1,202)	(247)	(235)
Total	48,428	77,123	46,912	57,560

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	73,330	129,265	99,049	87,858
Listing expenditures	–	–	9,893	21,308
Value-added tax recoverable	2,863	3,416	4,185	2,845
Deposits	637	700	970	755
Other receivables	1,113	1,113	149	275
Subtotal	77,943	134,494	114,246	113,041
Less: Impairment losses	(1,145)	(1,148)	(197)	(188)
Total	76,798	133,346	114,049	112,853

The balances of other receivables are interest-free and unsecured.

Deposits mainly represent deposits with suppliers. At the end of each reporting period, 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 reporting period.

26. CASH AND BANK BALANCES AND TIME DEPOSITS

(a) Cash and bank balances

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	592,822	577,701	711,171	694,752
Denominated in:				
United States dollar ("USD")	65,652	148,694	353,268	181,438
RMB	526,050	426,353	356,511	510,640
Hong Kong dollar ("HKD")	1,049	910	827	825
Singapore dollar ("SGD")	–	1,539	527	1,805
New Taiwan dollar ("TWD")	71	205	38	44
Total	592,822	577,701	711,171	694,752

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	489,871	441,567	636,850	619,621
Denominated in:				
USD	45,490	85,372	296,459	131,515
RMB	444,381	356,195	340,391	488,106
Total	489,871	441,567	636,850	619,621

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. The carrying amounts of the cash and bank balances approximated to their fair values.

(b) Time deposits

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term time deposits	–	–	239,077	337,162

27. TRADE PAYABLES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	64,797	63,742	94,062	94,325

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	61,232	58,620	90,257	88,365

Trade payables are non-interest bearing and normally settled on terms of 30 to 60 days. 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			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	64,797	63,459	94,004	94,276
Over 1 year	–	283	58	49
Total	64,797	63,742	94,062	94,325

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	61,232	58,337	90,199	88,342
Over 1 year	–	283	58	23
Total	61,232	58,620	90,257	88,365

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers				
Sales of products	736	2,152	491	1,539

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers				
Sales of products	613	932	427	1,351

Contract liabilities of the Group mainly arise from advance payments made by customers for goods yet to be delivered.

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Payroll and welfare payables	20,450	45,350	46,790	19,296
Other tax payables	1,812	2,702	1,829	2,813
Payables for purchase of property, plant and equipment	799	1,247	498	835
Payables for purchase of intangible assets	3,944	1,706	3,489	3,434
Others	1,049	1,061	6,680	2,560
Total current portion	28,054	52,066	59,286	28,938
Non-current portion				
Payables for purchase of intangible assets	1,232	455	3,043	2,996
Total non-current portion	1,232	455	3,043	2,996
Total	29,286	52,521	62,329	31,934

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Payroll and welfare payables	15,702	32,316	36,335	13,565
Other tax payables	1,292	2,179	1,517	2,337
Payables for purchase of property, plant and equipment	336	1,247	498	829
Payables for purchase of intangible assets	3,944	1,706	3,489	3,434
Others	982	1,042	5,866	1,726
Total current portion	22,256	38,490	47,705	21,891
Non-current portion				
Payables for purchase of intangible assets	1,232	455	3,043	2,996
Total non-current portion	1,232	455	3,043	2,996
Total	23,488	38,945	50,748	24,887

30. DEFERRED INCOME

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	4,477	4,891	3,875	3,500

Movements in government grants of the Group during the Relevant Periods are as follows:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	6,766	4,477	4,891	3,875
Government grants received	1,338	2,491	1,106	–
Recognised as income during the year/period	(3,627)	(2,077)	(2,122)	(375)
At end of year/period	4,477	4,891	3,875	3,500

31. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment loss	Difference of intangible assets between accounting and tax basis	Share-based payments	Deferred income	Lease liabilities	Unrealized gain	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	5,237	495	4,861	677	1,070	–	12,340
Deferred tax credited/(charged) to profit or loss	540	190	708	(229)	(28)	–	1,181
Exchange realignment	30	–	–	–	–	–	30
As at 31 December 2023 and 1 January 2024	5,807	685	5,569	448	1,042	–	13,551
Deferred tax credited/(charged) to profit or loss	1,619	1,077	(897)	41	397	–	2,237
Exchange realignment	17	–	2	–	1	–	20
As at 31 December 2024 and 1 January 2025	7,443	1,762	4,674	489	1,440	–	15,808
Deferred tax credited/(charged) to profit or loss	2,311	1,371	(284)	(102)	(507)	2,710	5,499
Deferred tax credited to reserves	–	–	1,040	–	–	–	1,040
Exchange realignment	(37)	–	–	–	(1)	–	(38)
As at 31 December 2025 and 1 January 2026	9,717	3,133	5,430	387	932	2,710	22,309
Deferred tax credited/(charged) to profit or loss	410	378	2,243	(37)	(224)	(912)	1,858
Exchange realignment	17	–	–	–	–	–	17
As at 31 March 2026	10,144	3,511	7,673	350	708	1,798	24,184

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment	Difference of fixed assets between accounting and tax basis	Unrealised gains from equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,101	555	1	–	1,657
Deferred tax charged/(credited) to profit or loss	(29)	(1,503)	1	–	(1,531)
As at 31 December 2023 and 1 January 2024	1,072	(948)	2	–	126
Deferred tax charged/(credited) to profit or loss	393	757	(1)	–	1,149
Deferred tax charged to other comprehensive income	–	–	–	746	746
Exchange realignment	1	–	–	–	1
As at 31 December 2024 and 1 January 2025	1,466	(191)	1	746	2,022
Deferred tax charged/(credited) to profit or loss	(501)	937	–	–	436
Deferred tax charged to other comprehensive income	–	–	–	6,478	6,478
Exchange realignment	(1)	–	–	–	(1)
As at 31 December 2025 and 1 January 2026	964	746	1	7,224	8,935
Deferred tax charged/(credited) to profit or loss	(222)	8	1	–	(213)
Exchange realignment	1	-	-	-	1
As at 31 March 2026	743	754	2	7,224	8,723

For presentation in the consolidated statement 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:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	13,470	13,806	13,402	15,499
Net deferred tax liabilities recognised in the consolidated statement of financial position	45	20	28	38

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	123,889	193,212	206,796	202,094
Deductible temporary differences	7,664	15,259	9,737	12,803
Total	131,553	208,471	216,533	214,897

The Group has tax losses of RMB123,889,000, RMB193,212,000, RMB206,796,000 and RMB202,094,000 as at 31 December 2023, 2024, 2025 and 31 March 2026, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the tax losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment loss	Difference of intangible assets between accounting and tax basis	Share-based payments	Deferred income	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,292	495	4,861	677	679	10,004
Deferred tax credited/(charged) to profit or loss	1,189	190	708	(229)	(240)	1,618
As at 31 December 2023 and 1 January 2024	4,481	685	5,569	448	439	11,622
Deferred tax credited/(charged) to profit or loss	1,238	1,077	(1,100)	41	51	1,307
As at 31 December 2024 and 1 January 2025	5,719	1,762	4,469	489	490	12,929
Deferred tax credited/(charged) to profit or loss	2,143	1,371	(169)	(102)	21	3,264
Deferred tax credited to reserves	–	–	1,040	–	–	1,040
As at 31 December 2025 and 1 January 2026	7,862	3,133	5,340	387	511	17,233
Deferred tax credited/(charged) to profit or loss	(279)	378	2,333	(37)	(103)	2,292
As at 31 March 2026	7,583	3,511	7,673	350	408	19,525

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment	Unrealised gains from equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	664	555	–	1,219
Deferred tax credited to profit or loss	(242)	(1,503)	–	(1,745)
As at 31 December 2023 and 1 January 2024	422	(948)	–	(526)
Deferred tax charged to profit or loss	84	757	–	841
Deferred tax charged to other comprehensive income	–	–	726	726
As at 31 December 2024 and 1 January 2025	506	(191)	726	1,041
Deferred tax charged/(credited) to profit or loss	11	937	–	948
Deferred tax charged to other comprehensive income	–	–	6,477	6,477
As at 31 December 2025 and 1 January 2026	517	746	7,203	8,466
Deferred tax charged/(credited) to profit or loss	(111)	8	–	(103)
As at 31 March 2026	406	754	7,203	8,363

For presentation in the consolidated statement 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:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	12,148	11,888	8,767	11,162
Net deferred tax liabilities recognised in the statement of financial position	–	–	–	–

32. SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Ordinary shares of RMB1.00 each	158,173	157,719	158,271	158,271

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

	Notes	Number of shares in issue	Share capital
			RMB'000
At 1 January 2023		120,905,867	120,906
Conversion of capital reserve into share capital	*(1)*	36,392,645	36,392
Equity-settled share-based payment arrangements	*(2)*	874,525	875
At 31 December 2023 and 1 January 2024		158,173,037	158,173
Equity-settled share-based payment arrangements	*(3)*	1,132,500	1,133
Shares repurchased and cancelled of A shares	*(4)*	(1,586,993)	(1,587)
At 31 December 2024 and 1 January 2025		157,718,544	157,719
Equity-settled share-based payment arrangements	*(5)*	552,500	552
At 31 December 2025 and 1 January 2026		158,271,044	158,271
At 31 March 2026		158,271,044	158,271

Notes:

(1) At the board meeting held on 13 April 2023, the resolution of "Profit distribution plan for the year of 2022" was reviewed and approved. According to the resolution, a conversion of capital reserve into share capital by 3 shares for every 10 existing shares would be distributed to all shareholders based on the number of shares they held on the record date determined by the implementation of annual profit distribution, resulting in a total increase of 36,392,645 shares.

(2) In 2023, 874,525 shares were exercised under share-based payment arrangements.

(3) In 2024, 1,132,500 shares were exercised under share-based payment arrangements.

(4) In February 2024, according to a board resolution, the share repurchase scheme was approved. The Company repurchased and cancelled an aggregate of 1,586,993 shares in the market for a total consideration of approximately RMB81,817,000 during the year of 2024.

(5) In 2025, 552,500 shares were exercised under share-based payment arrangements.

33. SHARE-BASED PAYMENTS

Restricted Stock Incentive Plan 2021

On 18 May 2021, the 2020 annual general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2021. A total of 900,000 restricted shares were granted, of which 720,000 were granted for the first time and 180,000 were reserved. The exercise price of the plan is RMB22.64 per share. The incentive targets are the Group's core technical personnel.

On 8 June 2021, the Company convened the 23rd meeting of the first board of directors of the Company, which deliberated and adopted the proposal on the initial grant of restricted shares to incentive recipients. The date of the initial grant of the restricted shares was 8 June 2021 and the number of incentive recipients was 10.

On 13 August 2021, the 24th meeting of the first board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 13 August 2021 and the number of incentive recipients was 3.

On 27 December 2021, the 4th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 27 December 2021 and the number of incentive recipients was 3.

Under the Restricted Stock Incentive Plan 2021, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 10%, 50% 30% and 10%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2021, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2021 were adjusted. On 28 June 2022, pursuant to the relevant approvals of the 9th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.64 per unit to RMB21.96 per unit. On 18 August 2023, pursuant to the relevant approvals of the 18th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB21.96 per unit to RMB16.22 per unit. On 9 August 2024, pursuant to the relevant approvals of the 26th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.22 per unit to RMB16.02 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.02 per unit to RMB15.72 per unit.

Restricted Stock Incentive Plan 2022

On 21 February 2022, the 2022 first extraordinary general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2022. A total of 1,800,000 restricted shares were granted, of which 1,584,000 were granted for the first time and 216,000 were reserved. The exercise price of the plan is RMB22.64 per share. The incentive targets are the Group's middle-level management personnel and core technical personnel.

On 25 February 2022, the Company convened the 7th meeting of the second board of directors of the Company, which deliberated and adopted the proposal on the initial grant of restricted shares to incentive recipients. The date of the initial grant of the restricted shares was 25 February 2022 and the number of incentive recipients was 78.

On 24 August 2022, the 10th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 24 August 2022 and the number of incentive recipients was 21.

Under the Restricted Stock Incentive Plan 2022, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 25%, 25%, 25% and 25%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2022, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2022 were adjusted. On 13 April 2023, pursuant to the relevant approvals of the 16th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.64 per unit to RMB22.37 per unit. On 18 August 2023, pursuant to the relevant approvals of the 18th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.37 per unit to RMB16.53 per unit. On 9 August 2024, pursuant to the relevant approvals of the 26th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.53 per unit to RMB16.33 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.33 per unit to RMB16.03 per unit.

Restricted Stock Incentive Plan 2023

On 13 October 2023, the 2023 second extraordinary general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2023. A total of 1,200,000 restricted shares were granted, of which 1,138,200 were granted for the first time and 61,800 were reserved. The exercise price of the plan is RMB27.60 per share. The incentive targets are the Group's middle-level management personnel and core technical personnel.

On 18 October 2023, the Company convened the 20th meeting of the second board of directors of the Company, which deliberated and adopted the proposal on the initial and reserved grant of restricted shares to incentive recipients. The date of the initial and reserved grant of the restricted shares was 18 October 2023 and the number of incentive recipients was 68 and 1,138,200 shares were granted. The number of incentive recipients of the reserved shares was 2 and 35,000 shares were granted.

On 29 April 2024, the 25th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 29 April 2024 and the number of incentive recipients was 5 and 26,800 shares were granted.

Under the Restricted Stock Incentive Plan 2023, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 25%, 25%, 25% and 25%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2023, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2023 were adjusted. On 23 December 2024, pursuant to the relevant approvals of the 3rd meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB27.60 per unit to RMB27.40 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB27.40 per unit to RMB27.10 per unit.

Restricted Stock Incentive Plan 2025

On 13 October 2025, the first extraordinary general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2025. A total of 1,800,000 restricted shares were granted, of which 1,612,000 were granted for the first time and 188,000 were reserved. The exercise price of the plan is RMB48.00 per share. The incentive targets are the Group's middle-level management personnel and core technical personnel.

On 22 October 2025, the Company convened the 8th meeting of the third board of directors of the Company, which deliberated and adopted the proposal on the initial and reserved grant of restricted shares to incentive recipients. The date of the initial and reserved grant of the restricted shares was 22 October 2025 and the number of incentive recipients was 56 and 1,612,000 shares were granted. The number of incentive recipients of the reserved shares was 16 and 135,000 shares were granted.

On 20 March 2026, the 14th meeting of the third board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 20 March 2026 and the number of incentive recipients was 5 and 53,000 shares were granted.

Under the Restricted Stock Incentive Plan 2025, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 25%, 25%, 25% and 25%.

The following restricted A shares were outstanding under the Restricted Stock Incentive Plans during the Relevant Periods:

Restricted Stock Incentive Plan 2021

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		As at 31 March 2026	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		648		416		91		10
Granted during the year/period*	16.22	189	–	–	–	–	–	–
Forfeited during the year/period	–	–	–	–	–	–	–	–
Exercised during the year/period	16.47	(421)	16.02	(325)	15.72	(81)	–	–
At 31 December		416		91		10		10

* Due to the conversion of capital reserve into share capital such that 3 new shares were issued for every 10 existing shares in 2023, the exercise price and shares granted adjusted respectively.

Under the Restricted Stock Incentive Plan 2021, the exercise prices and exercise periods of the restricted shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
202,800	16.22	8-6-24 to 7-6-25
67,600	16.22	8-6-25 to 7-6-26
39,000	16.22	13-8-24 to 12-8-25
13,000	16.22	13-8-25 to 12-8-26
52,000	16.22	27-12-23 to 26-12-24
31,200	16.22	27-12-24 to 26-12-25
10,400	16.22	27-12-25 to 26-12-26
416,000		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
67,600	16.02	8-6-25 to 7-6-26
13,000	16.02	13-8-25 to 12-8-26
10,400	16.02	27-12-25 to 26-12-26
91,000		

As at 31 December 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
10,400	15.72	27-12-25 to 26-12-26

As at 31 March 2026

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
10,400	15.72	27-12-25 to 26-12-26

Restricted Stock Incentive Plan 2022

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		As at 31 March 2026	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		1,757		1,630		935		460
Granted during the year/period*	16.53	400	–	–	–	–	–	–
Forfeited during the year/period	19.53	(73)	16.41	(153)	16.33	(15)	–	–
Exercised during the year/period	21.49	(454)	16.50	(542)	16.29	(460)	–	–
At 31 December		1,630		935		460		460

* Due to the conversion of capital reserve into share capital such that 3 new shares were issued for every 10 existing shares in 2023, the exercise price and shares granted adjusted respectively.

Under the Restricted Stock Incentive Plan 2022, the exercise prices and exercise periods of the restricted A shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
474,825	16.53	25-2-24 to 24-2-25
474,825	16.53	25-2-25 to 24-2-26
474,825	16.53	25-2-26 to 24-2-27
68,575	16.53	24-8-24 to 24-8-25
68,575	16.53	24-8-25 to 24-8-26
68,575	16.53	24-8-26 to 24-8-27
1,630,200		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
398,775	16.33	25-2-25 to 24-2-26
398,775	16.33	25-2-26 to 24-2-27
68,575	16.33	24-8-25 to 24-8-26
68,575	16.33	24-8-26 to 24-8-27
934,700		

As at 31 December 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
392,275	16.03	25-2-26 to 24-2-27
67,925	16.03	24-8-26 to 24-8-27
460,200		

As at 31 March 2026

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
392,275	16.03	25-2-26 to 24-2-27
67,925	16.03	24-8-26 to 24-8-27
460,200		

Restricted Stock Incentive Plan 2023

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		As at 31 March 2026	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		–		1,173		816		794
Granted during the year/period	27.60	1,173	27.40	27	–	–	–	–
Forfeited during the year/period	–	–	27.45	(119)	27.40	(10)	27.10	(24)
Exercised during the year/period	–	–	27.40	(265)	27.23	(12)	–	–
At 31 December		1,173		816		794		770

Under the Restricted Stock Incentive Plan 2023, the exercise prices and exercise periods of the restricted A shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
293,300	27.60	18-10-24 to 17-10-25
293,300	27.60	18-10-25 to 17-10-26
293,300	27.60	18-10-26 to 17-10-27
293,300	27.60	18-10-27 to 17-10-28
1,173,200		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
5,000	27.40	18-10-24 to 17-10-25
261,300	27.40	18-10-25 to 17-10-26
261,300	27.40	18-10-26 to 17-10-27
261,300	27.40	18-10-27 to 17-10-28
6,700	27.40	29-4-25 to 28-4-26
6,700	27.40	29-4-26 to 28-4-27
6,700	27.40	29-4-27 to 28-4-28
6,700	27.40	29-4-28 to 28-4-29
815,700		

As at 31 December 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
258,050	27.10	18-10-25 to 17-10-26
258,050	27.10	18-10-26 to 17-10-27
258,050	27.10	18-10-27 to 17-10-28
6,700	27.10	29-4-26 to 28-4-27
6,700	27.10	29-4-27 to 28-4-28
6,700	27.10	29-4-28 to 28-4-29
794,250		

As at 31 March 2026

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
250,050	27.10	18-10-25 to 17-10-26
250,050	27.10	18-10-26 to 17-10-27
250,050	27.10	18-10-27 to 17-10-28
6,700	27.10	29-4-26 to 28-4-27
6,700	27.10	29-4-27 to 28-4-28
6,700	27.10	29-4-28 to 28-4-29
770,250		

Restricted Stock Incentive Plan 2025

	As at 31 December 2025		As at 31 March 2026	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*000*	*RMB per share*	*000*
At 1 January		–		1,747
Granted during the year/period	48.00	1,747	48.00	53
Forfeited during the year/period	–	–	–	–
Exercised during the year/period	–	–	–	–
At 31 December		1,747		1,800

As at 31 December 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
436,750	48.00	22-10-26 to 21-10-27
436,750	48.00	22-10-27 to 21-10-28
436,750	48.00	22-10-28 to 21-10-29
436,750	48.00	22-10-29 to 21-10-30
1,747,000		

As at 31 March 2026

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
436,750	48.00	22-10-26 to 21-10-27
436,750	48.00	22-10-27 to 21-10-28
436,750	48.00	22-10-28 to 21-10-29
436,750	48.00	22-10-29 to 21-10-30
13,250	48.00	20-3-27 to 19-3-28
13,250	48.00	20-3-28 to 19-3-29
13,250	48.00	20-3-29 to 19-3-30
13,250	48.00	20-3-30 to 19-3-31
1,800,000		

For the years ended 31 December 2023, 2024, 2025 and three months ended 31 March 2025 and 2026, the Group recognised equity-settled share-based payment expenses of RMB44,643,000, RMB29,292,000, RMB32,329,000, RMB3,637,000 (unaudited) and RMB23,852,000, respectively.

The fair value of the restricted A shares at the grant date, was determined using a Black-Scholes model. Key assumptions used in determining the fair value were as follows:

Restricted Stock Incentive Plan 2021

	The initial grant	The first reserved grant	The second reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75	1.50-2.75
Expected volatility (%)	36.13-40.40	35.99-41.39	34.85-39.70
Dividend yield (%)	1.05	0.68	0.68
Weighted average share price (RMB per share)	46.75	59.34	62.70

Restricted Stock Incentive Plan 2022

	The initial grant	The reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75
Expected volatility (%)	34.47-38.85	31.80-37.68
Dividend yield (%)	0.54	0.28
Weighted average share price (RMB per share)	76.80	97.72

Restricted Stock Incentive Plan 2023

	The initial grant and the first reserved grant	The second reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75
Expected volatility (%)	12.53-16.19	13.49-15.30
Dividend yield (%)	–	–
Weighted average share price (RMB per share)	59.48	57.34

Restricted Stock Incentive Plan 2025

	The initial grant and the first reserved grant	The second reserved grant
Risk-free interest rate (%)	1.47-1.57	1.26-1.44
Expected volatility (%)	14.53-16.70	13.23-15.33
Dividend yield (%)	–	–
Weighted average share price (RMB per share)	153.24	124.62

34. 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) Capital reserve

The capital reserve of the Group included the excess of the consideration received for subscription of the registered capital of the Company and the effect of implementation of equity-settled transactions. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital.

(c) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which are set out in note 33 to the Historical Financial Information.

(d) Fair value reserve of equity investments designated at fair value through other comprehensive income

The fair value reserve of equity investments designated at fair value through other comprehensive income compromises the cumulative loss of equity investments designated as fair value through other comprehensive income, as further explained in note 20.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Statutory reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,131,150	80,248	51,444	–	602,000	1,864,842
Total comprehensive income for the year	–	–	–	–	112,464	112,464
Equity-settled share-based payment arrangements	54,401	–	6,415	–	–	60,816
Conversion of capital reserve into share capital	(36,392)	–	–	–	–	(36,392)
Dividend	–	–	–	–	(106,752)	(106,752)
At 31 December 2023 and 1 January 2024	1,149,159	80,248	57,859	–	607,712	1,894,978
Total comprehensive income for the year	–	–	–	6,533	287,511	294,044
Shares repurchased and cancelled of A shares	(80,230)	–	–	–	–	(80,230)
Equity-settled share-based payment arrangements	60,308	–	(10,792)	–	–	49,516
Dividend	–	–	–	–	(31,468)	(31,468)
At 31 December 2024 and 1 January 2025	1,129,237	80,248	47,067	6,533	863,755	2,126,840
Total comprehensive income for the year	–	–	–	58,297	367,780	426,077
Equity-settled share-based payment arrangements	32,250	–	9,646	–	–	41,896
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income to investment in associates	–	–	–	6,528	(6,528)	–
Others	1,142	–	–	–	–	1,142
Dividend	–	–	–	–	(47,435)	(47,435)
At 31 December 2025 and 1 January 2026	1,162,629	80,248	56,713	71,358	1,177,572	2,548,520
Total comprehensive income for the period	–	–	–	–	25,510	25,510
Equity-settled share-based payment arrangements	–	–	23,852	–	–	23,852
At 31 March 2026	1,162,629	80,248	80,565	71,358	1,203,082	2,597,882

35. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
Percentage of equity interest held by non-controlling interests:				
Shanghai Judong Semiconductor Co., Ltd.	49%	49%	49%	49%
(Loss)/profit for the year/period allocated to non-controlling interests:				
Shanghai Judong Semiconductor Co., Ltd.	(17,525)	(14,230)	(7,738)	1,686
Accumulated deficits of non-controlling interests:				
Shanghai Judong Semiconductor Co., Ltd.	(28,696)	(42,926)	(50,664)	(48,978)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	41,154	114,930	130,504	48,693
Total cost and expenses	(76,919)	(143,971)	(149,012)	(45,395)
(Loss)/profit for the year/period	(35,765)	(29,041)	(18,508)	3,298
Total comprehensive (loss)/income for the year/period	(35,765)	(29,041)	(18,508)	3,298
Current assets	79,577	141,853	79,048	65,244
Non-current assets	5,798	4,652	3,095	2,600
Current liabilities	(141,829)	(233,424)	(188,246)	(170,643)
Non-current liabilities	(2,110)	(685)	(10)	(15)
Net cash flows generated from/(used in) operating activities	6,395	2,411	(697)	(2,174)

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024, 2025 and three months ended 31 March 2025 and 2026, the Group had non-cash additions to right-of-use assets of RMB6,053,000, RMB8,428,000, RMB2,680,000, RMB1,615,000 (unaudited) and nil and non-cash additions to lease liabilities of RMB6,053,000, RMB8,428,000, RMB2,680,000, RMB1,615,000 (unaudited) and nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Lease liabilities
	RMB'000
At 1 January 2023	8,900
Changes from financing cash flows	(4,440)
Termination and revision of leases	(2,640)
New leases	6,053
Exchange realignment	4
Interest expense	383
At 31 December 2023 and 1 January 2024	8,260
Changes from financing cash flows	(4,760)
Termination and revision of leases	(2,539)
New leases	8,428

	Lease liabilities
	RMB'000
Exchange realignment	4
Interest expense	344
At 31 December 2024 and 1 January 2025	9,737
Changes from financing cash flows	(5,395)
Termination and revision of leases	(154)
New leases	2,680
Exchange realignment	(5)
Interest expense	255
At 31 December 2025	7,118
At 1 January 2025	9,737
Changes from financing cash flows (unaudited)	(1,301)
New leases (unaudited)	1,615
Interest expense (unaudited)	73
At 31 March 2025 (unaudited)	10,124
At 1 January 2026	7,118
Changes from financing cash flows	(1,157)
Revision of leases	(582)
Exchange realignment	(2)
Interest expense	45
At 31 March 2026	5,422

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities	89	267	1,043	218	275
Within financing activities	4,440	4,760	5,395	1,301	1,157
Total	4,529	5,027	6,438	1,519	1,432

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasing commitments	1,126	–	–	–

38. RELATED PARTY TRANSACTIONS

(a) Name and relationship of a related party which the Company has transactions:

Name of a related party	Relationship with the Group
Shenzhen Gencun	An associate of the Group

(b) Significant related party transactions:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Trade in nature:					
Acceptance of research and development services from:					
Shenzhen Gencun	–	–	3,774	–	14,096

The prices of related party transactions are determined by the parties to the transactions by reference to market prices.

(c) Outstanding balances with a related party:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature:				
Prepayment:				
Shenzhen Gencun	–	–	4,365	4,346

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	10,199	16,327	17,498	3,113	3,161
Pension scheme contributions	646	747	607	145	137
Equity-settled share-based payment expense	2,313	4,973	4,640	700	2,917
Total compensation paid to key management personnel	13,158	22,047	22,745	3,958	6,215

Further details of directors', chief executive's and supervisors' emoluments are included in note 10 to the Historical Financial Information.

39. 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			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss:				
Financial assets at fair value through profit or loss	750,520	922,959	851,623	761,543
Financial assets at fair value through other comprehensive income:				
Equity investments designated at fair value through other comprehensive income	35,493	70,881	132,895	134,284

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost:				
Trade and bills receivables	143,977	140,910	161,055	160,352
Financial assets included in prepayments, other receivables and other assets	1,363	1,927	2,092	1,965
Time deposits	–	–	239,077	337,162
Cash and bank balances	592,822	577,701	711,171	694,752
Total	1,524,175	1,714,378	2,097,913	2,090,058
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	64,797	63,742	94,062	94,325
Financial liabilities included in other payables and accruals	7,024	4,469	13,710	9,162
Total	71,821	68,211	107,772	103,487

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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 fair values of listed equity investments are based on quoted market prices. The fair values of non-listed equity investments designated at fair value through other comprehensive income have been estimated based on the recent market transaction price of the unlisted equity investments.

The structured deposits and time deposits were mainly issued by banks in Chinese Mainland. The Group has estimated the fair value of structured deposits and time deposits by using a discounted cash flow valuation approach. The fair values of the financial assets are approximately equal to costs plus expected interest.

For the fair value of private equity fund, management applies valuation technique of asset-based approach by using the net assets on the valuation date.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the head of finance. 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 valuation is reviewed and approved by the head of finance.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024, 2025 and 31 March 2026:

Financial assets	Valuation technique	Significant Unobservable input	Sensitivity of fair value to the input
Financial investments measured at fair value through profit or loss – Private equity fund	Net asset value of underlying investments	Net assets	5% increase/decrease in net assets would result in an increase/decrease in fair value by RMB1,712,000/ RMB1,712,000, RMB2,230,000/ RMB2,230,000, RMB3,472,000/ RMB3,472,000, and RMB3,504,000/ RMB3,504,000 as at 31 December 2023, 2024, 2025 and 31 March 2026
Equity investments designated at fair value through other comprehensive income – Non-listed equity investments	Market approach	Recent transaction prices	5% increase/decrease in recent transaction prices would result in an increase/decrease in fair value by RMB1,775,000/RMB1,775,000, RMB3,544,000/RMB3,544,000, RMB6,645,000/RMB6,645,000, and RMB6,714,000/RMB6,714,000 as at 31 December 2023, 2024, 2025 and 31 March 2026

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	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	82,250	634,030	34,240	750,520
Equity investments designated at fair value through other comprehensive income	–	–	35,493	35,493
Total	82,250	634,030	69,733	786,013

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	89,365	789,004	44,590	922,959
Equity investments designated at fair value through other comprehensive income	–	–	70,881	70,881
Total	89,365	789,004	115,471	993,840

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	–	782,179	69,444	851,623
Equity investments designated at fair value through other comprehensive income	–	–	132,895	132,895
Total	–	782,179	202,339	984,518

As at 31 March 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	–	691,466	70,077	761,543
Equity investments designated at fair value through other comprehensive income	–	–	134,284	134,284
Total	–	691,466	204,361	895,827

During the reporting period, 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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, due to a related party and lease liabilities. 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 and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at 31 December 2023, 2024, 2025 and 31 March 2026 to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the retranslated value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in USD/RMB rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
Year ended 31 December 2023		
If RMB strengthens against USD	5	(5,540)
If RMB weakens against USD	(5)	5,540
Year ended 31 December 2024		
If RMB strengthens against USD	5	(9,416)
If RMB weakens against USD	(5)	9,416
Year ended 31 December 2025		
If RMB strengthens against USD	5	(19,424)
If RMB weakens against USD	(5)	19,424
Three months ended 31 March 2026		
If RMB strengthens against USD	5	(10,788)
If RMB weakens against USD	(5)	10,788

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. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

For other receivables, 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.

As at 31 December 2023, 2024, 2025 and 31 March 2026, the Group had certain concentrations of credit risk as the Group's trade receivables of RMB31,909,000, RMB29,129,000, RMB22,259,000 and RMB24,863,000 were due from the Group's largest customer, and the Group's trade receivables of RMB94,082,000, RMB68,564,000, RMB52,237,000 and RMB61,048,000 were due from the Group's five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

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 the reporting period. The amounts presented are gross carrying amounts for financial assets.

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 and bills receivables*	–	–	–	147,940	147,940
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,548	–	–	–	2,548
Cash and bank balances	592,822	–	–	–	592,822
Total	595,370	–	–	147,940	743,310

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 and bills receivables*	–	–	–	144,919	144,919
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,129	–	–	–	3,129
Cash and bank balances	577,701	–	–	–	577,701
Total	580,830	–	–	144,919	725,749

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 and bills receivables*	–	–	–	165,635	165,635
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,339	–	–	–	2,339
Time deposits	239,077	–	–	–	239,077
Cash and bank balances	711,171	–	–	–	711,171
Total	952,587	–	–	165,635	1,118,222

As at 31 March 2026

	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 and bills receivables*	–	–	–	164,786	164,786
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,200	–	–	–	2,200
Time deposits	337,162	–	–	–	337,162
Cash and bank balances	694,752	–	–	–	694,752
Total	1,034,114	–	–	164,786	1,198,900

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 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".

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations due to the shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

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	64,797	–	–	–	64,797
Financial liabilities included in other payables and accruals	5,792	1,232	–	–	7,024
Lease liabilities	3,432	3,102	2,211	–	8,745
Total	74,021	4,334	2,211	–	80,566

	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	63,742	–	–	–	63,742
Financial liabilities included in other payables and accruals	4,014	455	–	–	4,469
Lease liabilities	5,018	3,176	1,877	–	10,071
Total	72,774	3,631	1,877	–	78,282

	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	94,062	–	–	–	94,062
Financial liabilities included in other payables and accruals	10,667	3,043	–	–	13,710
Lease liabilities	4,400	2,899	603	–	7,902
Total	109,129	5,942	603	–	115,674

	As at 31 March 2026				
	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	94,325	–	–	–	94,325
Financial liabilities included in other payables and accruals	6,829	2,333	–	–	9,162
Lease liabilities	3,193	2,026	339	–	5,558
Total	104,347	4,359	339	–	109,045

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 reporting period.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	107,601	143,271	175,534	139,520
Total assets	2,050,212	2,305,317	2,747,664	2,767,790
Gearing ratios	5%	6%	6%	5%

42. EVENTS AFTER 31 MARCH 2026

According to the Profit Distribution Plan for the Year of 2025, the directors of the Company proposed to distribute a cash dividend of RMB7.0 (tax inclusive) for every 10 shares with the retained profits of the Company available to all shareholders based on the number of shares they hold on the record date as determined by the implementation of annual profit distribution. The above proposal was approved at the 2025 Annual General Meeting held on 10 April 2026, and the dividend was paid in full on 27 April 2026, amounting to RMB110,790,000.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries in respect of any period subsequent to 31 March 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This Appendix contains a summary of the principal provisions of the Company's Articles of Association and comes into effect from the date on which the H shares are [**REDACTED**] on The Stock Exchange of Hong Kong Limited. The major objective of this Appendix is to provide potential [**REDACTED**] with an overview of the Company's Articles of Association, and therefore it does not contain all data that may be important to potential [**REDACTED**].

SHARES

Issue of Shares

Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights. Shares of the same class and the same issuance shall be issued on the same conditions and at the same price; any subscriber shall pay the same price for each of the shares it/he/she subscribes for.

Increase, Reduction and Repurchase of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and relevant domestic and foreign securities regulatory authorities and resolution on the shareholders' meeting, by any of the following ways:

(i) issuance of shares to unspecified parties;

(ii) issuance of shares to specified parties;

(iii) distribution of bonus shares to existing shareholders;

(iv) conversion of capital reserve into share capital;

(v) other means as required by laws, administrative regulations and the CSRC and The Stock Exchange of Hong Kong Limited.

The Company may decrease its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company shall not buy back its shares, except in one of the following circumstances:

(i) reduction of the Company's registered capital;

(ii) merger with another company holding shares of the Company;

(iii) use of shares for employee stock ownership scheme or equity incentives;

(iv) Shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to purchase their shares;

(v) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(vi) where it is necessary for the Company to preserve its value and Shareholders' interest;

(vii) Other circumstances permitted by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and relevant domestic and foreign securities regulatory authorities.

The Company may repurchase its shares through public centralised trading or other methods recognised by laws, administrative regulations and the CSRC and The Stock Exchange of Hong Kong Limited.

Where the Company repurchases its shares under the circumstances set forth in items (iii), (v) and (vi) of the first paragraph mentioned above, the repurchase shall be made through public centralised trading subject to compliance with the securities regulatory rules of the place where the shares of the Company are listed and the approval from relevant domestic and foreign securities regulatory authorities.

Unless otherwise stipulated in the Hong Kong Listing Rules, where the Company repurchases its shares under the circumstances set forth in items (i) and (ii) of Paragraph 1 of Article 24 of the Articles of Association, it shall be resolved at a shareholders' meeting; unless otherwise stipulated in the Hong Kong Listing Rules, where the Company purchases its shares under the circumstances set forth in items (iii), (v) and (vi) of Paragraph 1 of Article 24 of the Articles of Association, a resolution thereon may, pursuant to the provisions of the Articles of Association or the authorization of the shareholders' meeting, be made at a Board meeting that is attended by more than two-thirds of the directors.

Upon the repurchase of its shares by the Company pursuant to the provisions of Paragraph 1 of Article 24 of the Articles of Association, under the circumstance set forth in item (i), such shares shall be cancelled within 10 days from the day of purchase; under the circumstances set forth in items (ii) and (iv), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (iii), (v) and (vi), the total number of shares 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.

Where the Company purchases its H shares pursuant to Article 24 of the Articles of Association, such shares may be cancelled at the Company's option or held as treasury shares pursuant to the Hong Kong Listing Rules.

Transfer of Shares

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which the A shares of the Company are listed and traded on Shanghai Stock Exchange. If there are other provisions of laws, administrative regulations or the CSRC, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited regarding the transfer of the shares of the Company by shareholders or de facto controllers of the Company, such provisions shall prevail.

Directors, senior management and core technical personnel of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During the term of office of directors and senior management of the Company confirmed at the assumption of their position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company held by them; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded; directors and senior management of the Company shall not transfer the shares of the Company held by them within half a year after they leave the Company. The shares of the Company held by the core technical personnel of the Company prior to the initial public offering shall not be transferred within one year from the date on which the shares of the Company are listed and traded and within half a year after they leave the Company; within four years from the expiration of the

lock-up period of the shares held by them prior to the initial public offering, the shares transferred by them each year before the initial public offering shall not exceed 25% of the total shares of the Company held by them prior to the initial public offering at the time of listing, and their reduction ratio may be used on an accumulated basis.

If the Company's shares are pledged during the period of restriction of transfer stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, the pledgee shall not exercise his/her pledge rights during the period of restriction of transfer.

Where shareholders holding 5% or more of the shares of the Company, directors and senior management sell the shares of the Company or other securities with an equity nature as held by them within six months after purchasing the same, or purchase the shares of the Company or other securities with an equity nature as held by them within six months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings received by them. However, securities companies holding 5% or more of the shares of the Company as a result of their purchase of the remaining unsold shares underwritten by them and other circumstances stipulated by the CSRC, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited shall be excluded.

The shares or other securities with an equity nature held by directors, senior management and natural person shareholders referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held through the accounts of others.

Where the Board of the Company does not comply with the provisions of the first paragraph of this article, shareholders shall have the right to require the Board to comply with them within 30 days. Where the Board of the Company does not comply with such provisions within the aforesaid period, shareholders shall have the right to directly file a lawsuit with the people's court in their own name for the benefit of the Company. Where the Board of the Company does not comply with the provisions of the first paragraph of this article, directors who are responsible for shall bear joint and several liability in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of members based on the evidence provided by the securities registration authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by shareholders. A shareholder shall enjoy rights and assume obligations according to the class of the shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The Company shall manage the register of members in accordance with the provisions of relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed and the requirements of relevant domestic and foreign securities regulatory authorities. The Company shall maintain a duplicate copy of the register of members of overseas listed shares at the Company's address; the entrusted overseas agency shall ensure the consistency between the original and the duplicate copy of the register of members of overseas listed shares at any time. The branch register of members in Hong Kong shall be available for inspection by shareholders; however, the Company may be allowed to close the register of shareholders in accordance with the provisions equivalent to the Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Subject to compliance with the Company's Articles of Association and other applicable regulations, upon transfer of the Company's shares, the name of the transferee of such shares shall be entered as the holder of such shares in the register of members.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the shares they hold;

(ii) to request, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and exercise the corresponding right to vote in accordance with laws;

(iii) to supervise, present suggestions on or make inquiries about the operations of the Company;

(iv) to transfer, gift or pledge the shares they hold in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association;

(v) to inspect and copy the Articles of Association, register of members, minutes of shareholders' meetings, resolutions of Board meetings and financial and accounting reports, and shareholders in compliance with the requirements may inspect the accounting books and accounting evidence of the Company;

(vi) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;

(vii) to require the Company to purchase their shares in the event of objection to the resolutions of the shareholders' meeting on merger or division of the Company;

(viii) other rights stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the content of a resolution of the shareholders' meeting or a meeting of the Board violates laws or administrative regulations, shareholders shall have the right to request the people's court to determine it to be invalid. If the convening procedure or voting method of the shareholders' meeting or a meeting of the Board violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, shareholders shall have the right to request the people's court to revoke the resolution within sixty days from the date of passing the resolution, except where the convening procedure or voting method of the shareholders' meeting or the meeting of the Board are only slightly defective and have no substantial impact on the resolution.

Where the Company incurs losses as a result of directors and senior management other than members of the audit and risk management committee having violated the provisions of laws, administrative regulations or the Articles of Association in performing their duties for the Company, shareholders severally or jointly holding 1% or more of the Company's shares for 180 consecutive days or more shall be entitled to request in writing the audit and risk management committee to file a lawsuit with the people's court; where the Company incurs losses as a result of any member of the audit and risk management committee having violated the provisions of laws, administrative regulations or the Articles of Association in performing his/her duties for the Company, the aforementioned shareholders may request in writing the Board to file a lawsuit with the people's court.

In the event that the audit and risk management committee or the Board refuses to file a lawsuit after receiving the written request of shareholders stated in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receipt of the request, or in case of urgency where

failure to file a lawsuit immediately would cause irreparable damage to the Company's interests, shareholders as specified in the preceding paragraph shall have the right to file a lawsuit with the people's court directly in their own name for the benefit of the Company.

Where another person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, shareholders as specified in the first paragraph of this Article may file a lawsuit with the people's court in accordance with the provisions of the preceding two paragraphs.

Where the Company incurs losses as a result of any directors, supervisors and senior management of a wholly-owned subsidiary of the Company having violated laws, administrative regulations or the Articles of Association in performing their duties, or if another person infringes upon the legitimate rights and interests of the wholly-owned subsidiary of the Company and causes losses, shareholders severally or jointly holding 1% or more of the Company's shares for 180 consecutive days or more may request in writing the board of supervisors or board of directors of the wholly-owned subsidiary to file a lawsuit with the people's court or directly file a lawsuit with the people's court in their own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law.

Shareholders of the Company shall assume the following obligations:

(i) to comply with laws, administrative regulations and the Articles of Association;

(ii) to pay subscription monies according to the number of shares subscribed for by them and the method of subscription;

(iii) not to withdraw their share capital unless under circumstances required by laws and regulations;

(iv) not to abuse their shareholders' rights to impair the interests of the Company or other shareholders; and not to abuse the Company's position as an independent legal person and the limited liability of shareholders to impair the interests of the creditors of the Company;

(v) to assume other obligations prescribed by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

General Provisions for Shareholders' Meeting

The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

(i) to elect and replace directors and to determine matters relating to the remuneration of directors;

(ii) to consider and approve the reports of the Board;

(iii) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issue of corporate bonds;

(vi) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment and dismissal of accounting firms undertaking the audit business of the Company;

(ix) to consider and approve transaction matters specified in Article 48 of the Articles of Association;

(x) to consider and approve external guarantee matters specified in Article 49 of the Articles of Association;

(xi) to consider and approve financial aids specified in Article 50 of the Articles of Association;

(xii) to consider the purchase or sale of significant assets by the Company within one year that exceed 30% of the Company's latest audited total assets;

(xiii) to consider and approve changes in the use of funds raised;

(xiv) to consider share incentive schemes and employee stock ownership schemes;

(xv) to consider other matters to be resolved by the shareholders' meeting as required by laws, administrative regulations, departmental rules or the Articles of Association.

The following external guarantees provided by the Company shall be considered and approved by the shareholders' meeting:

(i) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets of the Company;

(ii) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 30% of the latest audited total assets;

(iii) In accordance with the principle of cumulative calculation of guaranteed amount for 12 consecutive months, any guarantee with guaranteed amount in excess of 30% of the latest audited total assets of the Company;

(iv) any guarantee to be provided to a recipient of the security whose debt-to-asset ratio is over 70%;

(v) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(vi) any guarantee provided to shareholders, de facto controllers and their related (connected) parties;

Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(i) where the number of directors is less than the statutory minimum number as provided for by the Company Law or two thirds of the number as provided for by the Articles of Association;

(ii) when the uncovered loss of the Company reaches one-third of its total share capital;

(iii) upon request by shareholders individually or collectively holding 10% or more of the voting shares (including preferred shares with voting rights restored, but excluding treasury shares) of the Company;

(iv) when the Board deems it necessary;

(v) when the audit and risk management committee proposes such a meeting to be held;

(vi) other circumstances required by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' Meetings

The Board shall convene shareholders' meetings on time within the prescribed period. Upon the approval of a majority of all independent directors, independent directors shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. For the proposal requesting to convene an extraordinary shareholders' meeting by independent directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made. If the Board does not agree to convene an extraordinary shareholders' meeting, it shall state reasons and make a public announcement.

If the audit and risk management committee proposes the Board to convene an extraordinary shareholders' meeting, the proposal shall be presented in writing. The Board shall, according to laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made, and amendments to the original proposal to be stated in the notice shall be agreed by the audit and risk management committee. If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the proposal, the Board shall be deemed to be unable or have refused to fulfill the obligation to convene shareholders' meetings, and the audit and risk management committee may convene and preside over the meeting by itself.

If shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) request the Board to convene an extraordinary shareholders' meeting, the request shall be made to the Board in writing. The Board shall, according to laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the request. If the Board agrees to convene

an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after a Board resolution is made, and amendments to the original request to be stated in the notice shall be agreed by relevant shareholders. If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the request, shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) shall have the right to request the audit and risk management committee to convene the extraordinary shareholders' meeting, and the request shall be made to the audit and risk management committee in writing. The content of the proposal shall be fully consistent with that of the proposal made to the Board. If the audit and risk management committee agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after receipt of the request, and amendments to the original proposal to be stated in the notice shall be agreed by relevant shareholders. If the audit and risk management committee does not issue a notice of shareholders' meeting within the prescribed time limit, the audit and risk management committee shall be deemed to have refused to convene and preside over the shareholders' meeting. Shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) for more than 90 consecutive days may convene and preside over the meeting on their own.

Notices of Shareholders' Meetings

The convener of an annual shareholders' meeting shall notify all shareholders by way of an announcement twenty days before the meeting, and the convener of an extraordinary shareholders' meeting shall notify all shareholders by way of an announcement fifteen days before the meeting.

A notice of shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all shareholders are entitled to attend a shareholders' meeting and may appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company.

(iv) the date of equity registration of shareholders entitled to attend the shareholders' meeting; The interval between the date of equity registration and the meeting date shall not exceed 7 working days, and once the date of equity registration is confirmed, it shall not be changed;

(v) the name and telephone number of the regular contact person for the meeting;

(vi) the time and procedures for voting online or by other means; The starting time for voting online or by other means at the shareholders' meeting shall not be earlier than 3:00 pm on the day before the on-site shareholders' meeting, and shall not be later than 9:30 am on the day of the on-site shareholders' meeting. Its ending time shall not be earlier than 3:00 pm on the day of the end of the on-site shareholders' meeting.

After issuing a notice of the shareholders' meeting, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of the shareholders' meeting shall not be cancelled. Once there is a postponement or cancellation, the convener shall make a public announcement and state reasons at least two working days before the originally scheduled meeting date. If there are special provisions in the securities regulatory rules of the place where the Company's shares are listed regarding the procedures for postponing or canceling shareholders' meetings, such provisions shall prevail.

Convening of Shareholders' Meetings

A shareholder may attend a shareholders' meeting in person or appoint a proxy to attend and vote on behalf of such shareholder, and such proxy need not be a shareholder of the Company.

Where the shareholders' meeting requires directors or senior management to attend the meeting as non-voting attendees, such directors or senior management shall be present and accept inquiries from shareholders. The Company shall provide convenience for directors and senior management to participate in shareholders' meetings through virtual conference technologies such as video, telephone and Internet.

A shareholders' meeting shall be presided over by the Board chairman. In the event that the Board chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by a majority of the directors. A shareholders' meeting convened by the audit and risk management committee on its own shall be presided over by the convener of the audit and risk management committee. If the convener of the audit and risk management committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit and risk management committee jointly elected by a majority of the members of the audit and risk management committee. A shareholders' meeting convened by shareholders on their own shall be presided over by the convener or a representative elected by him/her. When holding a shareholders' meeting, if the person presiding over the meeting violates the rules of procedures and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the meeting, the shareholders' meeting may be continued by electing one person to serve as the person presiding over the meeting.

The Company shall formulate the rules of procedures for shareholders' meetings, stipulating in detail the procedures for convening and holding a shareholders' meeting and voting thereat, which shall include, among others, the notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formulation of resolutions of the meeting, minutes of the meeting and signing thereof and announcements, as well as the principles of authorization from the shareholders' meeting to the Board. The content of authorization shall be clear and specific.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting. Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting.

The following shall be approved by the shareholders' meeting by ordinary resolutions:

(i) the work reports of the Board;

(ii) the profit distribution plans and loss recovery plans formulated by the Board;

(iii) the appointment and dismissal of Board members and their remunerations and payment methods;

(iv) other matters other than those required to be approved by special resolutions by laws, administrative regulations or the Articles of Association.

The following shall be approved by the shareholders' meeting by special resolutions:

(i) the increase or reduction of the registered capital of the Company;

(ii) the division, split, merger, dissolution and liquidation of the Company;

(iii) the amendments to the Articles of Association;

(iv) the purchase and sale of material assets or the provision of guarantees to others by the Company with a cumulative amount calculated for 12 consecutive months exceeding 30% of the latest audited total assets of the Company;

(v) the share incentive schemes;

(vi) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association that are determined by the shareholders' meeting by ordinary resolutions to have a significant impact on the Company and are required to be approved by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, and each share shall be entitled to one vote.

When the shareholders' meeting considers material matters affecting the interests of minority [**REDACTED**], separate counting of votes cast by minority [**REDACTED**] shall be conducted. The results of the separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company shall not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within thirty-six months after the purchase, and the number of such shares shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on a resolution or restricted to voting only for or only against a resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Board, independent directors, shareholders holding 1% or more of the voting shares of the Company or investor protection agencies established pursuant to laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as the specific voting intention shall be fully disclosed to the persons being solicited. It is prohibited to solicit shareholder voting rights in paid or distorted paid way. Save for statutory conditions, the Company shall not propose the lowest limit of shareholding ratio for voting right solicitation.

When a related (connected) transaction is considered at a shareholders' meeting, related (connected) shareholders shall not participate in voting, and the number of voting shares that they represent shall not be counted in the total number of valid voting shares; the voting situation of unrelated (unconnected) shareholders shall be fully disclosed in the announcement of the resolutions of the shareholders' meeting.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as a director of the Company:

(i) the person has no capacity for civil conducts or has limited capacity for civil conducts;

(ii) the person has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of socialist market economy and has been punished therefor, or has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of execution of such punishment or deprivation, or has been sentenced to probation, and less than two years have elapsed since the expiration of the probation period;

(iii) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation is personally liable for the insolvency of such company or enterprise, and less than three years have elapsed since the date of the completion of such insolvency and liquidation of such company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business licence revoked or was ordered to close down due to any violation of the law is personally responsible, and less than three years have elapsed since the date when such company or enterprise had its business licence revoked or was ordered to close down;

(v) the person has been identified as a subject of enforcement for breach of trust by the people's court for failure to repay a relatively large amount of matured debts;

(vi) the person has been subject to a ban from accessing to the securities market imposed by the CSRC, and the term of prohibition has not expired;

(vii) the person has been publicly determined to be unsuitable to serve as a director or senior management member of listed companies by a stock exchange for a period which has not yet expired;

(viii) other circumstances required by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or engagement shall be deemed to be invalid. If any of the circumstances as set out in this Article occurs to a director during his/her term of office, the Company shall remove the director from office and stop him/her from performing his/her duties.

Directors shall be elected or replaced by the shareholders' meeting, and may be removed from their office prior to the expiration of their term of office by the shareholders' meeting. Directors shall have a term of three years, and may be re-elected and re-appointed another term upon the expiration of their term of office. If there are other provisions in the securities regulatory rules of the place where the Company's shares are listed regarding the re-election or re-appointment of directors, such provisions shall prevail.

A director's term of office shall commence from the date when he/she takes office and end upon expiration of the term of the current session of the Board of Directors. If no re-election is held in time upon the expiration of a director's term of office, the former director shall continue to perform the duties of a director in accordance with relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

Senior management may serve as directors concurrently, provided that the aggregate number of directors concurrently serving as senior management shall not exceed half of the total number of directors of the Company.

Directors shall comply with laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and owe fiduciary duties to the Company, and shall take measures to avoid conflicts between their personal interests and those of the Company, and shall not use their powers and duties to seek illegitimate benefits.

Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, owe a duty of diligence to the Company and perform their duties with a reasonable degree of care that a manager should have normally for the best interests of the Company, and shall ensure that they have sufficient time and energy to perform their duties.

A director may resign before the expiration of his/her term of office. The resigning director shall submit to the Company a written resignation report. Such director's resignation shall take effect on the date when the Company receives the resignation report. The Company shall disclose relevant situations within two trading days or the period required by securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the director's resignation causes the number of Board members of the Company to fall below the minimum quorum, or if the resignation of an independent non-executive director results in the number or proportion of independent non-executive directors of the Board or its special committees not complying with laws and regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or when there are no individuals among the independent non-executive directors who meet regulatory requirements and have appropriate professional qualifications or appropriate accounting or relevant financial management expertise, the former director shall still perform the duties of a director in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

The Company shall establish a resignation management system for directors, clarifying safeguard measures for accountability and recovery concerning unfulfilled public commitments and other outstanding matters. A director whose resignation has become effective or whose term of office has expired shall complete all handover procedures with the Board, and his/her fiduciary duties to the Company and shareholders shall not be necessarily released, and shall remain valid for two years after the expiration of his/her original term of office. The responsibilities that such director should bear during his/her term of office due to the performance of his/her duties shall not be exempted or terminated upon his/her departure.

Without the provisions of the Articles of Association or the legal authorization of the Board, no directors shall act on behalf of the Company or the Board in their personal capacity. When a director acts in his/her personal capacity, if a third party reasonably believes that such director is acting on behalf of the Company or the Board, such director shall declare his/her position and identity in advance.

Board of Directors

The Company shall have a Board, which is composed of seven directors, including independent directors representing no less than one-third of the Board members and at least one accounting professional. There shall be no employee representative of the Company among the Board members.

The Board shall exercise the following functions and powers:

(i) to convene shareholders' meetings, and submit work reports to the shareholders' meeting;

(ii) to implement the resolutions of shareholders' meetings;

(iii) to resolve on the Company's business plans and investment plans;

(iv) to formulate the Company's profit distribution plans and loss recovery plans;

(v) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plans;

(vi) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change in corporate form;

(vii) to decide, within the scope of the authorization delegated by the shareholders' meeting, on the Company's external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted financial management, related (connected) transactions and external donations, etc.;

(viii) to decide on the establishment of the Company's internal management organizations;

(ix) to decide on the appointment or dismissal of general managers, deputy general managers, secretaries to the Board and financial controllers of the Company, and to decide on their remunerations, incentives and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate the proposals for amendments to the Articles of Association;

(xii) to manage the information disclosures of the Company;

(xiii) to propose to the shareholders' meeting on engagement or change of accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the general manager of the Company and inspect his/her work;

(xv) to consider and approve transaction matters stipulated in Article 118 of the Articles of Association;

(xvi) Review the Company's compliance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and its disclosure in the corporate governance report;

(xvii) other functions and powers granted by the shareholders' meeting or relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Board shall have one chairman, who shall be elected by a majority vote of all directors. If the chairman is unable or fails to perform his/her duties, a director elected jointly by more than half of the directors shall perform his/her duties.

The Board shall hold at least four meetings each year, which shall be convened by the Board chairman and notified to all directors in writing (including the form of data message) 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, the Board chairman, more than one-third of the directors, more than half of the independent directors or the audit and risk management committee may propose to convene an ad hoc meeting of the Board. The Board chairman shall convene and preside over the Board meeting within ten days after receipt of the proposal.

An ad hoc Board meeting convened by the Board shall be notified to all directors in writing (including the form of data message) 3 days prior to the meeting, and sufficient information shall be provided. In case of urgent matters, with the consent of more than half of the directors, the convening of an ad hoc Board meeting may not be subject to the aforesaid time limit and method of notification, provided that it shall be confirmed in writing at the time when the ad hoc Board meeting is convened.

A Board meeting shall be held only when more than half of the directors are present. Resolutions of the Board shall be passed by a majority vote of all directors. External guarantees and financial aids within the scope of authority of the Board shall be approved by more than two-thirds of the directors present at the Board meeting in addition to being approved by more than half of all directors. If there are other provisions in the Articles of Association and relevant laws, administrative regulations, departmental rules, normative documents or securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail. Each director shall have one vote on Board resolutions.

Where there is a related (connected) relationship between a director and an enterprise or individual involved in the resolution of the Board meeting, or when the Board evaluates or discusses the remuneration of an individual director, or when the Board considers matters related to the share incentive scheme and employee stock ownership scheme for a director, such director shall not exercise his/her voting rights on the resolution, nor shall he/she exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the directors with no related (connected) relationship are present, and resolutions made at the Board meeting shall be passed by more than half of the directors with no related (connected) relationship. External guarantees shall be approved by more than two-thirds of the directors with no related (connected) relationship present at the meeting in addition to being approved by more than half of all directors of the Company. If the number of directors with no related (connected) relationship present at the Board meeting is less than 3, the matter shall be submitted to the shareholders' meeting for review. If there are any additional restrictions on Directors' participation in and voting at Board meetings in relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of place where the Company's shares are listed, the relevant provisions shall also be complied with.

A Board meeting shall be attended by the directors themselves; if a director is unable to attend the meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the proxy's name, matters appointed, scope of authority and validity period, and shall be signed or sealed by the appointing director. The director who attends the meeting on behalf of the appointing director shall exercise the rights of a director within the scope of authority.

Independent Directors

Independent directors shall conscientiously fulfill their duties, fully understand the Company's business operations and the issues for discussion of the Board, play a role in participating in decision-making, supervision and balancing, and professional consultation on the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders in accordance with the provisions of laws, administrative regulations, the CSRC, stock exchanges, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. Independent directors shall submit their annual work reports to the annual shareholders' meeting of the Company to explain their performance of duties.

The Company shall establish a mechanism for specialized meetings attended entirely by independent directors. Where the Board considers related (connected) transactions or other matters, they shall be approved in advance by a specialized meeting of independent directors.

Special Committees of the Board

The Company does not have a supervisory board, and the Board shall establish an audit and risk management committee to exercise the functions and powers of the supervisory board as stipulated in the Company Law. The audit and risk management committee consists of three members, who shall be directors who are not senior management of the Company, including more than half of the independent directors, and the convener shall be an accounting professional among the independent directors.

The strategy and sustainable development committee consists of three directors, who shall be responsible for managing the Company's development strategy, conducting research on and providing suggestions for the Company's long-term development strategy and major investment decisions, and supervising and evaluating the implementation of the Company's sustainable development strategy and ESG work.

The nomination committee consists of three directors, among whom independent directors constitute the majority and serve as conveners, and shall be responsible for formulating selection criteria and procedures for directors and senior management, selecting and reviewing candidates for directors and senior management and their competence for a post, and providing suggestions to the Board on the following matters:

(i) the nomination or appointment and dismissal of directors;

(ii) the appointment or dismissal of senior management;

(iii) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The remuneration and appraisal committee consists of three directors, among whom independent directors constitute the majority and serve as conveners, and are responsible for formulating assessment criteria for directors and senior management and conducting assessments, developing and reviewing compensation policies and plans for directors and senior management, and providing suggestions to the Board on the following matters:

(i) the remunerations of directors and senior management;

(ii) the formulation or modification of share incentive schemes, employee stock ownership schemes, and granting of interests to incentive targets and achievement of conditions for exercising rights;

(iii) the proposed split of arrangements for employee stock ownership schemes of subsidiaries by directors and senior management;

(iv) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Senior Management Members

The Company shall have one general manager, who shall be appointed or dismissed by the Board based on the nomination of the Board chairman. The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board.

The provisions of the Articles of Association regarding circumstances where a person shall not serve as a director shall also apply to senior management members. Where a senior management member is prohibited from serving as a director under the Articles of Association during his/her term of office, he/she shall immediately stop performing his/her duties and resign; if the senior management member does not submit resignation, the Board shall immediately dismiss him/her from his/her post in accordance with regulations upon becoming aware or should have become aware of the occurrence of the fact.

The general manager shall serve for a term of three years, and may be re-appointed if he/she is re-elected.

The general manager shall be responsible to the Board, attend Board meetings and exercise the following functions and powers:

(i) to take charge of the production operations and management tasks of the Company and organize the implementation of the Board's resolutions, and to report work to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment plans;

(iii) to develop plans for the establishment of the Company's internal management organizations;

(iv) to develop the basic management system of the Company;

(v) to formulate the specific rules and regulations of the Company;

(vi) to propose the Board to appoint or dismiss deputy general managers and financial controllers of the Company;

(vii) to decide on the appointment or dismissal of management officers other than those requiring the Board to decide on the appointment or dismissal;

(viii) other functions and powers granted by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Board.

The Company shall have a secretary to the Board, who shall be appointed or dismissed by the Board based on the nomination of the Board chairman and be responsible to the Company and the Board. The Board secretary shall be responsible for the preparation of the Company's shareholders' meetings and the Board meetings, keeping of documents, the management of the information of the Company's shareholders, and the handling of information disclosures and other matters. The Board shall be responsible for formulating the working system for the Board secretary, specifying the functions and powers, obligations, responsibilities and relevant work process of the Board secretary.

If a senior management member causes damage to others while performing his/her duties for the Company, the Company shall bear liability for compensation; if the senior management member acts with intention or gross negligence, he/she shall also bear liability for compensation. If a senior management member violates laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association and causes losses to the Company while performing his/her duties for the Company, he/she shall be liable for compensation.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and regulations of relevant national departments.

The Company shall submit and disclose its annual report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within four months from the end of each fiscal year, and shall submit and disclose its interim report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The Company shall not set up separate accounting books other than its statutory accounting books. No funds of the Company shall be deposited into any account opened in the name of any individual.

Profit Distribution

When distributing the current year's after-tax profits, the Company shall set aside 10% of its profits for the Company's statutory common reserve fund. Where the cumulative amount of the statutory common reserve fund of the Company has reached not less than 50% of the Company's registered capital, it may no longer be allocated.

When the Company's statutory common reserve fund is not sufficient to make up for the Company's losses for the previous years, the current year's profits shall first be used to make up for the losses before any allocation is set aside for the statutory common reserve fund in accordance with the provisions of the preceding paragraph. After the Company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund.

After the Company has made up for its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed to shareholders based on their shareholding ratio unless the Articles of Association stipulate that such distribution shall not be made based on their shareholding ratio.

Where the shareholders' meeting distributes profits to shareholders in violation of the provisions of the Company Law, Securities Law and other laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, shareholders shall refund to the Company the profits distributed in violation of the provisions; if any losses are caused to the Company, shareholders and responsible directors and senior management shall be liable for compensation.

No profits shall be distributed in respect of the shares of the Company which are held by the Company.

The common reserve fund of the Company shall be used to make up for the losses of the Company, expand the Company's production operations or convert into the registered capital of the Company. When the common reserve fund is used to make up for the losses of the Company, the discretionary common reserve fund and statutory common reserve fund shall first be used; if there is still a shortfall, the capital reserve may be used in accordance with the regulations. When the statutory common reserve fund is converted into the registered capital, the retained portion of such common reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

The Company may distribute profits by way of cash, stocks or a combination of cash and stocks. Subject to ensuring the daily working capital needs of the enterprise, the Company shall prioritize the use of cash dividends for profit distribution. The cumulative amount of cash dividends of the Company for the last three years shall not be less than 30% of the annual average audited net profit of the Company for the last three years.

An annual or interim profit distribution plan of the Company shall be formulated by the Board. A profit distribution plan of the Company shall be submitted to the shareholders' meeting for approval after being considered and approved by the Board. If the Company distributes profits by way of stocks or a combination of cash and stocks, such distribution shall be considered and approved by the shareholders' meeting of the Company by a special resolution.

Internal Audit

The Company shall implement an internal audit system, clarifying the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability for internal audit work. The internal audit system of the Company shall be implemented after being approved by the Board and disclosed to the public.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and securities regulatory rules of the place where the Company's shares are listed to perform services such as the audit of financial statements, verification of net assets and other relevant consulting services. The engagement term is one year and may be renewed.

The appointment or dismissal of the accounting firm by the Company shall be decided by the shareholders' meeting. The Board shall not appoint an accounting firm before the shareholders' meeting makes a decision.

The Company shall guarantee that any accounting vouchers, accounting books, financial accounting reports and other accounting information provided to the accounting firm engaged are true and complete, and that it shall not refuse to provide or conceal any such information or provide any false information.

Any audit fees of the accounting firm shall be decided by the shareholders' meeting.

The Company shall notify the accounting firm 30 days in advance when dismissing or ceasing to renew the appointment of the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders' meeting of the Company votes on dismissing the accounting firm. Where the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any irregularities in the Company.

NOTICES AND ANNOUNCEMENTS

Notices

A notice of the shareholders' meeting of the Company shall be given by announcement. Notices of Board meetings convened by the Company shall be delivered by email, data message, personal delivery or other means.

Announcements

The Board shall have the right to decide on any adjustment of the identified company information disclosure media, provided that it shall ensure that the designated information disclosure media complies with domestic and Hong Kong's applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and qualifications and conditions stipulated by domestic and foreign securities regulatory authorities.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

If the price paid by the Company for a merger does not exceed ten percent of the net assets of the Company, such merger may not require a resolution of the shareholders' meeting unless otherwise stipulated in the Articles of Association. In case of a merger of the Company in accordance with the provisions of the preceding paragraph without a resolution of the shareholders' meeting, such merger shall be subject to a resolution of the Board.

Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the merger resolution, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guarantees.

When the Company is merged, the claims and debts of each party to the merger shall be inherited by the surviving company or the newly established company after the merger.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

The debts of the Company prior to the division shall be assumed jointly by the companies which exist after the division, unless otherwise stipulated in a written agreement between the Company and its creditors in relation to the repayment of debts prior to the division.

Where the Company needs to reduce its registered capital, a balance sheet and an inventory of assets shall be prepared.

The Company shall notify its creditors within 10 days from the date of the resolution on the reduction of its registered capital, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor shall have the right, within 30 days from the receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, to require the Company to pay off its debts or provide corresponding guarantees.

When the Company reduces its registered capital, it shall correspondingly reduce its capital contributions or shares based on the proportion of shares held by shareholders unless otherwise stipulated by laws or the Articles of Association.

Where a merger or division of the Company results in any changes in the registered items, such changes shall be registered with the company registration authority in accordance with the law; where the Company is dissolved, cancellation of the Company's registration shall be applied for in accordance with the law; where a new company is established, the registration of such company's establishment shall be applied for in accordance with the law. Where the Company increases or reduces its registered capital, it shall apply for the registration of change with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved due to the following reasons:

(i) the shareholders' meeting resolves to dissolve the Company;

(ii) dissolution is necessary due to merger or division of the Company;

(iii) the Company has had its business license revoked or has been ordered to close down or canceled in accordance with the law;

(iv) where the Company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by a people's court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

(v) other reasons for dissolution as stipulated in the Articles of Association have occurred.

If the reasons for dissolution of the Company as stipulated in the preceding paragraph occur, they shall be announced through the National Enterprise Credit Information Publicity System and the website of The Stock Exchange of Hong Kong Limited within 10 days.

If the Company falls under the circumstances set out in items (i) and (v) of Article 200 of the Articles of Association and has not yet distributed its assets to shareholders, it may survive by a resolution of the shareholders' meeting or by amending the Articles of Association. Where the Company survives by a resolution of the shareholders' meeting or by amending the Articles of Association in accordance with the provisions of the preceding paragraph, the survival shall be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

Where the Company is dissolved under the circumstances set out in items (i), (iii), (iv) and (v) of Article 200 of the Articles of Association, the Company shall be liquidated. Directors shall be the liquidation obligors of the Company, and shall establish a liquidation group to commence liquidation within 15 days upon the occurrence of the reasons for dissolution. The liquidation group shall be composed of directors except as otherwise provided in the Articles of Association or by a

resolution of the shareholders' meeting on the election of other persons. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

The liquidation group shall notify creditors within 10 days from the date of its establishment, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 60 days from the date of such resolution. Creditors shall, within 30 days from the receipt of the notice or, if they do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation group.

When declaring the claims, creditors shall state matters concerning their claims and provide supporting documents. The liquidation group shall register such claims.

During the declaration of claims, the liquidation group shall not make any repayments to creditors.

After the liquidation group has liquidated the assets of the Company and has prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation. The remaining assets of the Company after paying liquidation expenses, wages of employees, social insurance premiums, statutory compensation and outstanding taxes and settling the Company's debts shall be distributed by the Company in proportion to the shares held by shareholders. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to shareholders until all liabilities are paid off in accordance with the provisions of the preceding paragraph.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, if the liquidation group finds that the Company's assets are insufficient to settle the Company's debts, it shall apply to the people's court for bankruptcy and liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the liquidation of the Company is completed, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority to apply for cancellation of the Company's registration.

If the Company is declared bankrupt in accordance with the law, it shall carry out a bankruptcy and liquidation in accordance with the laws concerning enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(i) after amendments have been made to relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed;

(ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(iii) the shareholders' meeting decides to amend the Articles of Association.

Any amendments to the Articles of Association approved by the resolution of the shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities; if such amendments involve the registered items of the Company, an application shall be made for the registration of change in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the relevant competent authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the PRC as a limited liability company on November 13, 2009 and was converted into a joint stock limited company on September 26, 2018. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange STAR Market (SHSE: 688123) in December 2019. For further details, see "History and Corporate Structure — Major Shareholding Changes of Our Company" in this document.

Our registered office address is located at Building 10, No. 1761 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區張東路1761號10幢). We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 4, 2026, and our principal place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Ms. HO Wing Nga has been appointed as our authorized representative for acceptance of service of process and notices on behalf of our Company in Hong Kong, and their correspondence address is the same as our place of business in Hong Kong.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of Mainland China. A summary of the relevant provisions of our Articles of Association is set out in Appendix III to this document.

2. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

In April 2024, due to the adoption of the 2021 and 2022 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 526,175 A Shares.

In August 2024, our Company repurchased a total of 1,586,993 A Shares, and as a result, the total share capital of our Company decreased by 1,586,993 A Shares.

In September 2024, due to the exercise of the 2021 and 2022 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 309,725 A Shares.

In January 2025, due to the exercise of the 2021 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 296,600 A Shares.

In April 2025, due to the exercise of the 2022 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 397,275 A Shares.

In September 2025, due to the exercise of the 2021, 2022 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 155,225 A Shares.

In May 2026, due to the exercise of the 2021, 2022 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 631,525 A Shares.

After the above changes in share capital, as of the Latest Practicable Date, our Company's total share capital is 158,902,569 A Shares.

3. Further Information about Our Major Subsidiaries

Details of our major subsidiaries are set out in "History and Corporate Structure — Our Major Subsidiaries" and Note 2 to the Accountants' Report as set out in Appendix I to this document.

Save as disclosed in "History and Corporate Structure — Our Major Subsidiaries", there has been no alteration in the registered capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders' General Meeting of Our Company in Relation to the [REDACTED]

Pursuant to the meeting of the Shareholders held on January 16, 2026, the following resolutions, among others, were duly passed:

(i) the [**REDACTED**] by our Company of H Shares with a nominal value of RMB1.00 each and the [**REDACTED**] of such H Shares on the Stock Exchange;

(ii) the number of H Shares to be [**REDACTED**] prior to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the enlarged share capital of our Company upon completion of the [**REDACTED**]; and an [**REDACTED**] for no more than [**REDACTED**] of the aforementioned number of H Shares [**REDACTED**] pursuant to the [**REDACTED**] shall be granted to the [**REDACTED**];

(iii) subject to the completion of the [**REDACTED**], the Articles of Association, which shall become effective on the [**REDACTED**], shall be conditionally adopted; and the Board and its authorized persons shall be authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(iv) the authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [**REDACTED**] and the [**REDACTED**] and [**REDACTED**] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following is the contract (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(i) the [**REDACTED**].

2. Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registered Owner	Registration Number	Place of Registration	Expiry Date
1. . . .		9	Our Company	58480066	PRC	May 06, 2032
2. . . .	GTag	9	Our Company	14840387	PRC	July 13, 2035
3. . . .	GIANTEC	9	Our Company	10496339	PRC	May 20, 2034
4. . . .		9	Our Company	10496332	PRC	April 06, 2033
5. . . .		9	Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) ("**Shanghai Judong**")	75967063	PRC	August 27, 2034
6. . . .	文显通	9	Our Company	86986314	PRC	February 20, 2036
7. . . .	Voixtell	9	Our Company	86965951	PRC	February 20, 2036

(b) Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
1. . . .	Our Company	A constant current driver and its method of use thereof (一種恒流驅動電路及使用方法)	Invention	CN202311646218.X	April 28, 2026	PRC
2. . . .	Our Company	Control tooling, production workstation and method for configuring PID parameters of camera motors (攝像頭馬達配置PID參數的控制工裝、生產工站及方法)	Invention	CN202211083255.X	March 17, 2026	PRC
3. . . .	Our Company	Bootstrap half-bridge driver chip common-mode voltage slew rate tolerance test device and method (自舉型半橋驅動器共模電壓變化率耐受測試裝置及方法)	Invention	CN202011494935.1	November 01, 2024	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
4. . . .	Our Company	A pop-noise-free high-voltage Class D audio power amplifier system and its power-on startup method (一種無pop-noise高壓D類音頻功放系統及其上電啟動方法)	Invention	CN202011443274.X	September 20, 2024	PRC
5. . . .	Our Company	A method for correcting nonlinearity at both ends of the magnetic field of a closed-loop voice coil motor by extracting error method (一種提取誤差法修正閉環音圈馬達磁場兩端非線性的方法)	Invention	CN202110987840.1	August 13, 2024	PRC
6. . . .	Our Company	A method for correcting nonlinearity in the zero magnetic region of closed-loop voice coil motor magnets (一種修正閉環音圈馬達磁鐵零磁區非線性的方法)	Invention	CN202110987198.7	April 23, 2024	PRC
7. . . .	Our Company	Dynamic error elimination method for DACs to improve signal dynamic input range (提高信號動態輸入範圍的數模轉換器的動態誤差消除方法)	Invention	CN202011353465.7	March 01, 2024	PRC
8. . . .	Our Company	Device and method for reducing dynamic device matching resources in audio DACs (減小音頻數模轉換器中動態器件匹配資源的裝置和方法)	Invention	CN202010051882.X	February 09, 2024	PRC
9. . . .	Our Company	High-voltage level shifting circuit and high-voltage level shifting system (高壓電平轉換電路及高壓電平轉換系統)	Invention	CN202010811424.1	February 09, 2024	PRC
10. . .	Our Company	A continuous-time integrator applicable to temperature sensors (一種可用於溫度傳感器的連續時間積分器)	Invention	CN201910335378.X	June 09, 2023	PRC
11. . .	Our Company	A device and method for measuring voice coil motor parameters (一種測量音圈馬達參數的裝置及方法)	Invention	CN202010973538.6	June 09, 2023	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
12. . .	Our Company	A detection device for stator inductance variation of three-phase brushless DC motors (一種三相無刷直流電機定子電感變化檢測裝置)	Invention	CN202011494940.2	October 11, 2022	PRC
13. . .	Our Company	A bootstrap charge pump high-voltage power supply generation circuit (一種自舉電荷泵高壓電源產生電路)	Invention	CN202010888254.7	November 30, 2021	PRC
14. . .	Our Company	Voice coil motor control algorithm with short stabilization time, large damping coefficient and high cycle fault tolerance (穩定時間短阻尼係數大周期容錯高的音圈馬達控制算法)	Invention	CN201910334496.9	September 07, 2021	PRC
15. . .	Our Company	A fractional signal amplification device and method applicable to temperature sensors (一種可用於溫度傳感器的小數信號放大裝置及方法)	Invention	CN201910368347.4	February 09, 2021	PRC
16. . .	Our Company	Voice coil motor damping control circuit (音圈馬達阻尼控制電路)	Invention	CN201910369039.3	January 26, 2021	PRC
17. . .	Our Company	A demodulation circuit for wireless receivers (一種無線接收器的解調電路)	Invention	CN201910506699.1	January 26, 2021	PRC
18. . .	Our Company	A temperature sensor calibration method resistant to reverse Early effect (一種抗反向厄利效應的溫度傳感器校準方法)	Invention	CN201811287166.0	December 22, 2020	PRC
19. . .	Our Company	A voice coil motor control method with short stabilization time and wide applicable damping coefficient range (一種穩定時間短適用阻尼係數範圍廣的音圈馬達控制方法)	Invention	CN201910368369.0	December 22, 2020	PRC
20. . .	Our Company	Programming failure detection circuit and self-test method for contactless card chips (用於非接觸卡類芯片的編程失敗檢測電路及自檢測方法)	Invention	CN201711215516.8	October 30, 2020	PRC
21. . .	Our Company	A bias circuit (一種偏置電路)	Invention	CN201811118804.6	October 30, 2020	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
22. . .	Our Company	A fast high-precision low-temperature-drift strong pull-down current generation circuit (一種快速的高精度低溫漂強下拉電流產生電路)	Invention	CN201811141487.X	October 30, 2020	PRC
23. . .	Our Company	An S-box masking method for SMS4 (一種 SMS4的S盒掩碼方法)	Invention	CN201711248215.5	September 18, 2020	PRC
24. . .	Our Company	A high-precision temperature sensor calibration method and circuit (一種高精度溫度傳感器校準方法及電路)	Invention	CN201811203133.3	September 01, 2020	PRC
25. . .	Our Company	A voice coil motor control system and method introducing damping coefficient (一種引入阻尼係數的音圈馬達控制系統及其方法)	Invention	CN201910368325.8	July 10, 2020	PRC
26. . .	Our Company	A real-time load current detection system (一種負載電流實時探測系統)	Invention	CN201810619848.0	June 02, 2020	PRC
27. . .	Our Company	A method and device for testing EEPROM cell current in contactless IC cards (一種測試非接觸式 IC 卡中 EEPROMcell – 電流的方法及裝置)	Invention	CN201610756857.5	June 25, 2019	PRC
28. . .	Our Company	Fast power-on detection and configuration method and device for contactless IC card chips (非接觸 IC 卡的芯片快速上電檢測和配置方法及裝置)	Invention	CN201610661871.7	May 17, 2019	PRC
29. . .	Our Company	Shaping signal control method for camera voice coil motor actuators (相機音圈馬達執行器的整形信號控制方法)	Invention	CN201610182558.5	July 13, 2018	PRC
30. . .	Our Company	DES system resistant to side-channel attacks with cyclic iteration and method for implementing remappable SBOX (可循環疊代抗側信道攻擊的 DES 系統及實現可重映射 SBOX 方法)	Invention	CN201510040323.8	July 06, 2018	PRC
31. . .	Our Company	A rail-to-rail operational amplifier (一種軌到軌運算放大器)	Invention	CN201510148931.0	April 27, 2018	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
32. . .	Our Company	A system design method for reconfigurable active metal defense layers (一種可重構的主動金屬防禦層的系統設計方法)	Invention	CN201510040369.X	January 19, 2018	PRC
33. . .	Our Company	Low-power adjustable frequency oscillator (低功耗可調頻振盪器)	Invention	CN201410812616.9	November 17, 2017	PRC
34. . .	Our Company	An efficient public key encryption engine (一種高效的公鑰加密引擎)	Invention	CN201510040249.X	September 19, 2017	PRC
35. . .	Our Company	Charge pump circuit suitable for low-voltage operation (適合低電壓操作的電荷泵電路)	Invention	CN201510285461.2	September 19, 2017	PRC
36. . .	Our Company	Shaping signal control method with high clock cycle fault tolerance rate (高時鐘周期容錯率的整形信號控制方法)	Invention	CN201510040282.2	July 28, 2017	PRC
37. . .	Our Company	Simple charge pump circuit suitable for low-voltage operation (適合低電壓操作的簡單電荷泵電路)	Invention	CN201510285462.7	July 11, 2017	PRC
38. . .	Our Company	A low-temperature-drift trimming circuit for amplifier offset voltage trimming (一種用於放大器失調電壓修調的低溫漂修調電路)	Invention	CN201310238489.1	April 06, 2016	PRC
39. . .	Our Company	Protection method for RFID systems (射頻識別系統的保護方法)	Invention	CN201310011430.9	January 27, 2016	PRC
40. . .	Our Company	Self-calibrating buffer amplifier and resistor trimming network in voice coil motor driver chips (音圈馬達驅動器中的自校準緩衝放大器及電阻修整網絡)	Invention	CN201310152041.8	December 09, 2015	PRC
41. . .	Our Company	A bidirectional current rectifier circuit and its current rectification method (一種雙向電流修整電路及其電流修整方法)	Invention	CN201310179565.6	October 21, 2015	PRC
42. . .	Our Company	Power supply circuit for switching power converters (開關電源變換器的電源電路)	Invention	CN201310011305.8	July 22, 2015	PRC
43. . .	Our Company	A new enable control circuit for power management systems (一種用於電源管理系統的新型使能控制電路)	Invention	CN201210481082.7	January 07, 2015	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
44. . .	Our Company	Memory and its operation method (存儲器及其操作方法)	Invention	CN201110211551.9	December 24, 2014	PRC
45. . .	Our Company	Output current segment compensation circuit for LED driver circuits (LED驅動電路的輸出電流分段補償電路)	Invention	CN201210016939.8	December 17, 2014	PRC
46. . .	Our Company	Serial non-volatile memory and method for releasing memory write protection (串列非易失性存儲器及解除存儲器寫保護的方法)	Invention	CN201110350626.1	November 26, 2014	PRC
47. . .	Our Company	Switching power supply controller (開關電源控制器)	Invention	CN201210448457.X	October 15, 2014	PRC
48. . .	Our Company	Switching power supply controller and its current control terminal short-circuit protection method (開關電源控制器及其電流控制端短路保護方法)	Invention	CN201110259867.5	August 27, 2014	PRC
49. . .	Our Company	An LED driver system (一種發光二極體驅動系統)	Invention	CN201010251146.5	November 06, 2013	PRC
50. . .	Our Company	A low-cost effective iterative multi-order digital filtering method and device (一種低成本有效疊代多階數字濾波方法及裝置)	Invention	CN201010251130.4	November 06, 2013	PRC
51. . .	Our Company	A self-test device and self-test method for successive approximation ADCs (一種用於逐步接近型模數轉換器的自測裝置和自測方法)	Invention	CN201010251150.1	September 04, 2013	PRC
52. . .	Our Company	Switching power supply controller and its valley switching method (開關電源控制器及其谷底切換方法)	Invention	CN201110091586.3	April 10, 2013	PRC
53. . .	Our Company	Switching power supply controller circuit and switching power supply system (開關電源控制器電路及開關電源系統)	Invention	CN200910197709.4	January 09, 2013	PRC
54. . .	Giantec Semiconductor (Nanjing) Co., Ltd. (聚辰半導體(南京)有限公司) ("Giantec Nanjing")	A self-detection method for voice coil motor parameters (一種音圈馬達參數自檢測方法)	Invention	CN201811592975.2	January 26, 2021	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
55. . .	Shanghai Judong	Mode conversion circuit (模式轉換電路)	Invention	CN202510214615.2	July 11, 2025	PRC
56. . .	Shanghai Judong	Current test circuit and test method (電流測試電路及測試方法)	Invention	CN202510214616.7	June 24, 2025	PRC
57. . .	Shanghai Judong	One-time turn-on power-on detection circuit (一次開啟式上電檢測電路)	Invention	CN202111666691.5	April 25, 2025	PRC
58. . .	Shanghai Judong	Initialization data import method (初始化數據導入方法)	Invention	CN202210365609.3	February 25, 2025	PRC
59. . .	Our Company	A relaxation oscillator circuit (一種張弛振盪器電路)	Utility Model	CN202420655946.0	February 14, 2025	PRC
60. . .	Our Company	A motor driver chip base plate and base plate welding structure for camera modules (一種攝像頭模組的電機驅動芯片底板和底板焊接結構)	Utility Model	CN202322995118.X	July 05, 2024	PRC
61. . .	Our Company	A width-compact semiconductor packaging structure (一種寬度緊湊型半導體封裝結構)	Utility Model	CN202323074599.7	June 28, 2024	PRC
62. . .	Our Company	An automatic test verification device for NOR-FLASH memory (一種NOR-FLASH存儲器自動測試驗證裝置)	Utility Model	CN202322472288.X	May 17, 2024	PRC
63. . .	Our Company	A reliability simultaneous test device for camera motor driver chips (一種攝像頭馬達驅動芯片的可靠性同測裝置)	Utility Model	CN202322760068.7	May 17, 2024	PRC
64. . .	Our Company	An automatic test verification device (一種自動測試驗證裝置)	Utility Model	CN202021726194.0	April 23, 2021	PRC
65. . .	Our Company, Giantec Semiconductor (Suzhou) Co., Ltd. (聚辰半導體(蘇州)有限公司)	A serial peripheral interface working mode conversion circuit (一種串行外圍設備接口工作模式轉換電路)	Utility Model	CN202420441057.4	November 01, 2024	PRC
66. . .	Shanghai Judong	An edge grinding device for circuit board processing (一種電路板加工用磨邊裝置)	Utility Model	CN202222644695.X	February 03, 2023	PRC
67. . .	Shanghai Judong	A packaging structure for LED light-emitting diodes (一種LED發光二極體的封裝結構)	Utility Model	CN202222509107.1	February 03, 2023	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
68. . .	Shanghai Judong	A waterproof packaging shell for integrated circuits (一種集成電路防水型封裝外殼)	Utility Model	CN202222249577.9	February 03, 2023	PRC
69. . .	Shanghai Judong	A fault alarm mechanism and packaging equipment (一種故障報警機構及封裝設備)	Utility Model	CN202222153308.2	February 03, 2023	PRC
70. . .	Shanghai Judong	An environmentally friendly LED underground light (一種環保型的LED地埋燈)	Utility Model	CN202221953235.9	February 03, 2023	PRC
71. . .	Shanghai Judong	An integrated circuit board with waterproof structure (一種具有防水結構的集成電路板)	Utility Model	CN202222337358.6	January 31, 2024	PRC
72. . .	Our Company	Chip packaging form (WLCSP-6) (芯片封裝形式 (WLCSP-6))	Design	CN202330721642.0	July 26, 2024	PRC
73. . .	Our Company	Memory Array and method of operating the same	Invention	US8,482,980 B2	July 9, 2013	US
74. . .	Our Company	Switching Power Controller and System	Invention	US8,416,596 B2	April 9, 2013	US
75. . .	Our Company	Reversible write-protection for non-volatile semiconductor memory device	Invention	US8,843,695 B2	September 24, 2014	US
76. . .	Our Company	Apparatus and method for driving a voice coil motor of a camera lens	Invention	US9,049,366 B2	June 2, 2015	US
77. . .	Our Company	Charge Pump Circuit Suitable for low voltage operation	Invention	US9,509,213 B1	November 29, 2016	US
78. . .	Our Company	System and method for one-wire non-volatile memory	Invention	US12,450,111 B2	October 21, 2025	US

(c) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Name	Registered Owner	Place of Registration	Registration Number	Registration Date
1. . . .	GT9881 Chip Batch Automated Testing Software (GT9881 芯片批量自動化測試軟件)	Our Company	PRC	2024SR2205132	November 10, 2023
2. . . .	GT9881 Cycling Software (GT9881 Cycling 軟件)	Our Company	PRC	2024SR2052225	May 08, 2023
3. . . .	Encryption Software Based on GUC Smart Card Chip (基於聚辰智能卡芯片的加密軟件)	Our Company	PRC	2024SR0726677	December 24, 2023

No.	Name	Registered Owner	Place of Registration	Registration Number	Registration Date
4. . . .	EE&Flash Cycling Test Host Computer Software (EE&Flash Cycling 測試上位機軟件)	Our Company	PRC	2023SR1805297	August 15, 2023
5. . . .	Debug Test Kernel Chip Automated Testing Platform (Debug Test Kernel 芯片自動化測試平台)	Our Company	PRC	2023SR1429221	May 06, 2023
6. . . .	GT2932cos Smart Card Operating System (GT2932cos 智能卡作業系統)	Our Company	PRC	2023SR1311307	October 24, 2022
7. . . .	GT COS System (GT COS 系統)	Our Company	PRC	2020SR0197534	December 05, 2017
8. . . .	New Version 2926cos Software (新版 2926cos 軟件)	Our Company	PRC	2020SR0190398	August 06, 2019
9. . . .	GTCL Chip Testing System (GTCL 芯片測試系統)	Our Company	PRC	2019SR1076058	May 20, 2018

(d) Composition Designs

As of the Latest Practicable Date, our Group had registered in the PRC the following copyrights which we consider to be material to our business:

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
1. . .	BS.255007841	GT5623B Memory Chip (GT5623B儲存芯片)	Our Company	April 1, 2026
2. . .	BS.255007833	GT5626 Memory Chip (GT5626儲存芯片)	Our Company	April 1, 2026
3. . .	BS.25500785X	GT5274B Memory Chip (GT5274B儲存芯片)	Our Company	April 1, 2026
4. . .	BS.255006349	GT5953 Memory Chip (GT5953儲存芯片)	Our Company	March 13, 2026
5. . .	BS255000049	GT6608MCU Chip (GT6608MCU 芯片)	Our Company	June 20, 2025
6. . .	BS245012435	GT6605MCU Chip (GT6605MCU 芯片)	Our Company	June 13, 2025
7. . .	BS245007903	GT5625 Memory Chip (GT5625 儲存芯片)	Our Company	December 13, 2024
8. . .	BS245007911	GT5235 Temperature Sensor (GT5235 溫度傳感器)	Our Company	December 13, 2024
9. . .	BS245002022	GT9786V Driver Chip (GT9786V 驅動芯片)	Our Company	September 06, 2024
10. . .	BS245003053	GT5274 Memory Chip (GT5274 儲存芯片)	Our Company	September 06, 2024
11. . .	BS245003061	GT5624 Memory Chip (GT5624 儲存芯片)	Our Company	September 06, 2024
12. . .	BS235009792	GT5266 Memory Chip (GT5266 儲存芯片)	Our Company	January 26, 2024
13. . .	BS235009784	GT5268 Memory Chip (GT5268 儲存芯片)	Our Company	January 26, 2024
14. . .	BS23500927X	GT5255 Temperature Sensor (GT5255 溫度傳感器)	Our Company	January 12, 2024
15. . .	BS23500748X	GT5666 Memory Chip (GT5666 儲存芯片)	Our Company	December 29, 2023

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
16. . .	BS235007463	GT5506 Memory Chip (GT5506 儲存芯片)	Our Company	December 29, 2023
17. . .	BS235007498	GT5446 Memory Chip (GT5446 儲存芯片)	Our Company	December 29, 2023
18. . .	BS235007471	GT5504 Memory Chip (GT5504 儲存芯片)	Our Company	December 29, 2023
19. . .	BS225010844	GT5245 Temperature Sensor (GT5245 溫度傳感器)	Our Company	April 07, 2023
20. . .	BS225010852	GT9701 Driver Chip (GT9701 驅動芯片)	Our Company	April 07, 2023
21. . .	BS225000695	GT5263AM2A Memory Chip (GT5263AM2A 儲存芯片)	Our Company	December 16, 2022
22. . .	BS215017080	GT6001 Temperature Sensor (GT6001 溫度傳感器)	Our Company	December 14, 2022
23. . .	BS225000687	GT5656CM1A Memory Chip (GT5656CM1A 儲存芯片)	Our Company	December 14, 2022
24. . .	BS225000709	GT5623 Memory Chip (GT5623 儲存芯片)	Our Company	December 07, 2022
25. . .	BS22500240X	GT5401 Memory Chip (GT5401 儲存芯片)	Our Company	December 07, 2022
26. . .	BS225002442	GT9881 Driver Chip (GT9881 驅動芯片)	Our Company	December 07, 2022
27. . .	BS225000717	GT5263AM1A Memory Chip (GT5263AM1A 儲存芯片)	Our Company	December 02, 2022
28. . .	BS215009894	GT9778 Driver Chip (GT9778 驅動芯片)	Our Company	January 07, 2022
29. . .	BS215009886	GT9772V Driver Chip (GT9772V 驅動芯片)	Our Company	January 07, 2022
30. . .	BS215010612	GT5510 Memory Chip (GT5510 儲存芯片)	Our Company	December 31, 2021
31. . .	BS21500552X	GT9786 Driver Chip (GT9786 驅動芯片)	Our Company	December 17, 2021
32. . .	BS205017983	GT9766 Driver Chip (GT9766 驅動芯片)	Our Company	June 04, 2021
33. . .	BS205017924	GT9769 Driver Chip (GT9769 驅動芯片)	Giantec Semiconductor (Nanjing)	June 04, 2021
34. . .	BS205017886	GT7701 Driver Chip (GT7701 驅動芯片)	Our Company	June 04, 2021
35. . .	BS205017991	GT9763 Driver Chip (GT9763 驅動芯片)	Our Company	June 04, 2021
36. . .	BS215000404	GT5252 Memory Chip (GT5252 儲存芯片)	Our Company	June 04, 2021
37. . .	BS215000390	GT5256 Memory Chip (GT5256 儲存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
38. . .	BS215000366	7501AMIC Audio Chip (7501AMIC 音頻芯片)	Our Company	May 28, 2021
39. . .	BS205010105	GT5228 Memory Chip (GT5228 儲存芯片)	Our Company	May 28, 2021
40. . .	BS215000420	GT5238 Memory Chip (GT5238 儲存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
41. . .	BS205017908	GT5622 Memory Chip (GT5622 儲存芯片)	Our Company	May 28, 2021

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
42. . .	BS205017894	GT5660 Memory Chip (GT5660 储存芯片)	Our Company	March 24, 2021
43. . .	BS205017878	GT5652 Memory Chip (GT5652 储存芯片)	Our Company	March 24, 2021
44. . .	BS205010113	GT5205 Memory Chip (GT5205 储存芯片)	Our Company	January 22, 2021
45. . .	BS205010148	GT5216 Memory Chip (GT5216 储存芯片)	Our Company	January 22, 2021
46. . .	BS20501013X	GT5231 Memory Chip (GT5231 储存芯片)	Our Company	January 22, 2021
47. . .	BS205010083	GT5224 Memory Chip (GT5224 储存芯片)	Our Company	January 22, 2021
48. . .	BS205010091	GT5225 Memory Chip (GT5225 储存芯片)	Our Company	January 08, 2021
49. . .	BS205010075	GT5257 Memory Chip (GT5257 储存芯片)	Our Company	January 08, 2021
50. . .	BS205010121	GT5202 Memory Chip (GT5202 储存芯片)	Our Company	January 08, 2021
51. . .	BS175002304	GT5230 Memory Chip (GT5230 储存芯片)	Our Company	September 13, 2017
52. . .	BS175002274	GT9768 Driver Chip (GT9768 驅動芯片)	Our Company	September 13, 2017
53. . .	BS175002266	GT9767 Driver Chip (GT9767 驅動芯片)	Our Company	September 13, 2017
54. . .	BS175002282	GT5232 Memory Chip (GT5232 储存芯片)	Our Company	September 06, 2017
55. . .	BS175002290	GT2928 Memory Chip (GT2928 储存芯片)	Our Company	September 06, 2017
56. . .	BS205017916	GT9764 Driver Chip (GT9764 驅動芯片)	Giantec Semiconductor (Nanjing)	June 04, 2021
57. .	BS215000412	GT5239 Memory Chip (GT5239 储存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
58. . .	BS21500034X	GT5259 Memory Chip (GT5259 储存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
59. . .	BS215000358	GT5254 Memory Chip (GT5254 储存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
60. . .	BS245593713	SKAGOS	Shanghai Judong	June 13, 2025
61. . .	BS245593667	6091W0A	Shanghai Judong	June 13, 2025
62. . .	BS245593675	8012W1A	Shanghai Judong	June 13, 2025
63. . .	BS245593683	8032W0A	Shanghai Judong	June 13, 2025
64. . .	BS245593705	8053W0A	Shanghai Judong	June 13, 2025
65. . .	BS245593691	8042L0A	Shanghai Judong	June 13, 2025
66. . .	BS245593659	6091L0A	Shanghai Judong	June 13, 2025
67. . .	BS235571210	6041W0A	Shanghai Judong	January 19, 2024
68. . .	BS235571261	whiteharbor	Shanghai Judong	January 19, 2024
69. . .	BS235571202	60B1W0A	Shanghai Judong	January 19, 2024
70. . .	BS235571237	8022W0A	Shanghai Judong	January 19, 2024

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
71. . .	BS235571245	8033W0A	Shanghai Judong	January 19, 2024
72. . .	BS235571253	8042W0A	Shanghai Judong	January 19, 2024
73. . .	BS235571229	8012W0A	Shanghai Judong	January 19, 2024
74. . .	BS225614073	6081L0A	Shanghai Judong	July 14, 2023
75. . .	BS225614057	Kingslanding	Shanghai Judong	July 14, 2023
76. . .	BS225614065	sisterton	Shanghai Judong	July 14, 2023
77. . .	BS225571269	barrowton	Shanghai Judong	December 23, 2022
78. . .	BS215648129	cerwyn	Shanghai Judong	May 20, 2022
79. . .	BS215648137	holdfast	Shanghai Judong	May 20, 2022
80. . .	BS215568168	Winterfell	Shanghai Judong	November 19, 2021
81. . .	BS215568176	Oldtown	Shanghai Judong	November 19, 2021
82 . .	BS265000424	GT5667 Memory Chip (GT5667 储存芯片)	Our Company	May 11, 2026
83 . .	BS265000432	GT5628 Memory Chip (GT5628 储存芯片)	Our Company	May 11, 2026

(e) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Registration Date
1 . . .	www.giantec-semi.com	Our Company	PRC	December 20, 2023

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

We have entered into a service contract or an appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters include: (a) the term of service; (b) termination provisions in accordance with their respective terms; and (c) a dispute resolution provision. The service contracts and appointment letters 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 the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

For details of the remuneration of our Directors, see "Directors and Senior Management — Remuneration" and Note 10 of the Accountants' Report set out in Appendix I.

3. Disclosure of Interests

(a) Interests of our Directors and chief executive in our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**] and the Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], so far as our Directors are aware, none of our Directors or the chief executive has any interests and/or short positions in the Shares, underlying Shares, or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which would require (i) notification to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) registration in the register under section 352 of the SFO, or (iii) notification to our Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, upon the [**REDACTED**] of our H Shares on the Stock Exchange.

Name of Director	Position	Shares to be held after the [REDACTED]	Nature of interest[4]	Number of shares	Approximate % of shareholding in our Company immediately after the [REDACTED][1]
Mr. CHEN Zuotao[2]	Executive Director and Chairman of the Board	A Shares	Interest in controlled corporation	33,414,920	[**REDACTED**]
Mr. WENG Huaqiang[3] . . .	Executive Director and Secretary of the Board	A Shares	Beneficial owner	68,500	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**].

(2) Mr. CHEN Zuotao is indirectly interested in 33,414,920 A Shares of our Company through Tianhao Technology, which directly owns 33,414,920 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology and Tianhao Investment constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(3) Save as disclosed above, Mr. Weng Huaqiang is also entitled to receive up to 29,500 A Shares if and upon the vesting of restricted Shares granted to him under the 2022 Restricted Share Incentive Scheme and 2023 Restricted Share Incentive Scheme, subject to the conditions (including vesting conditions) of those restricted Shares.

(4) All interests stated are long position.

(b) Interests of substantial shareholders

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any persons (other than our Directors and chief executive) who will, immediately following the completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**] and the Restricted Share Incentive Plans, have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any types of the issued voting shares of any member of our Group.

Name of our subsidiary	Name of substantial shareholder	Approximate % of shareholding in the subsidiary
Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司)	Shanghai Donglong Microelectronics Co., Ltd.* (上海棟隆微電子有限公司)	49

4. Disclaimers

Save as disclosed in this section and the section headed "Business" in this document:

(i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO 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 to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**];

(ii) none of our Directors or any of the experts referred to under the paragraph headed "—E. Other Information — 5. Qualifications and Consents of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(iv) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(v) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(vi) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(vii) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers in each year/period during the Track Record Period or the five largest suppliers in each year/period during the Track Record Period of our Group.

D. OUR INCENTIVE PLANS

Restricted Share Incentive Plans

The following is a summary of the principal terms of the 2021 Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan. Given no further restricted Shares will be granted under the Restricted Share Incentive Plans after the [**REDACTED**], the terms of the Restricted Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the Restricted Share Incentive Plans is to improve our Company's long-term incentive mechanism, to attract and retain outstanding talents, to motivate our management and key employees and to achieve our strategic development and business objectives. The Restricted Share Incentive Plans are implemented to align the interests of the Shareholders with the interests of our Group and employees which will benefit the sustained development of our Group.

(ii) Administration

The Restricted Share Incentive Plans are subject to approval of the Shareholders' meeting and administration of the Board.

(iii) Participants

The participants of the Restricted Share Incentive Plans include our management and key employees. The scope of participants excludes independent directors, supervisors of our Company at the relevant time and shareholders or actual controller who individually or collectively hold 5% or more of the A Shares of our Company and their spouse, parents and children.

(iv) Maximum number of Shares

For the Restricted Share Incentive Plans, the Shares underlying the plans shall be A Shares issued by our Company. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price and is subject to a lock-up period. The maximum number of restricted Shares that can be granted under each of the Restricted Shares Incentive Plans are as follows, subject to adjustment as a result of our Company's equity distribution:

Restricted Share Incentive Plan	Maximum number of restricted Shares to be granted under the plan	Number of restricted Shares to be exercised under the plan
2021 Restricted Share Incentive Plan	900,000[(1)]	Nil
2022 Restricted Share Incentive Plan	1,800,000[(1)]	67,925
2023 Restricted Share Incentive Plan	1,200,000	513,500
2025 Restricted Share Incentive Plan	1,800,000	1,800,000

(1) Pursuant to the profit distribution and capital reserve conversion plans approved at the 2022 annual general meeting of our Company, three additional Shares from capital reserves were allotted for every 10 Shares held. As a result, the maximum number of restricted Shares to be granted under the 2021 Restricted Share Incentive Plan and the 2022 Restricted Share Incentive Plan have been increased to 1,170,000 and 2,340,000, respectively.

(v) Date of grant and duration of the incentive plan

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the relevant Restricted Share Incentive Plan by the Shareholders' meeting. The grant of restricted Shares shall be approved by the Board, registered and announced within 60 days after the approval of the relevant Restricted Share Incentive Plan by the Shareholders' meeting. The term of each Restricted Share Incentive Plan shall commence from the date of registration of share options granted under the relevant plan and continue until the share options are fully exercised or canceled. This term shall not exceed 72 months.

(vi) Lock-up for Directors and the senior management team

If the grantee is a Director or a senior management of our Company who terminates the employment before expiry of the term, during the period of the original term of employment and the following six months, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No Share held by such Director or senior management can be transferred within six months after termination of his or her employment. 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 amended laws and regulations.

(vii) Conditions to the grant of restricted Shares

The restricted Shares will only be granted to selected 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 the internal control report 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 listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive plans; or

(5) any other circumstances determined by the CSRC.

(b) With respect to a 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 within the last 12 months;

(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 incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances determined by the CSRC.

(viii) Unlocking and vesting of restricted Shares

The lock-up period for the restricted Shares commences from the date of grant to the grantee. The restricted Shares will only be unlocked when (i) the grant conditions set out in the Restricted Share Incentive Plans are fulfilled; and (ii) the corresponding annual company performance targets and individual performance assessments as set out under the relevant Restricted Share Incentive Plans are achieved.

Subject to the satisfaction of all vesting conditions, the restricted Shares will be unlocked and vest in four equal installments of 25% each (except for the 2021 Restricted Share Incentive Plan, which has a vesting schedule of 10%, 50%, 30% and 10% across four periods). The vesting periods occur between the first trading day after the 12-month, 24-month, 36-month, and 48-month anniversaries of the grant date and the last trading day up to the 24-month, 36-month, 48-month, and 60-month anniversaries of the grant date, respectively.

The grantees shall pay the grant price to the Company upon the vesting of the restricted Shares. The grant price per restricted Share under each Plan is determined as follows:

(a) **2021 Restricted Share Incentive Plan**: RMB22.64 per Share, being 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(b) **2022 Restricted Share Incentive Plan**: RMB22.64 per share, being 34.48% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(c) **2023 Restricted Share Incentive Plan**: RMB27.60 per Share, being 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(d) **2025 Restricted Share Incentive Plan**: RMB48.00 per Share, being not less than the higher of: (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan; (ii) 50% of the average trading price of the A Shares over the 20 trading days preceding the announcement of the draft plan; (iii) 50% of the average trading price of the A Shares over the 60 trading days preceding the announcement of the draft plan; and (iv) 50% of the average trading price of the A Shares over the 120 trading days preceding the announcement.

The grant price for any reserved portion of restricted Shares under each plan is the same as that for the initial grant.

The vesting date shall be on a trading day, which shall not fall within the following periods (i) 15 days before the publication of the annual report or interim report, or, if the publication date of such report is postponed, the period commencing 30 days before the originally scheduled announcement date until one day before the actual publication; (ii) 5 days before the publication of the Company's quarterly report, earnings forecast, or preliminary earnings announcement; (iii) the period commencing on the date of occurrence of a major event that may materially affect the Company's share price or the date such event enters the decision-making process, until the date of lawful disclosure of such event; and (iv) any other period as stipulated by the CSRC or the Shanghai Stock Exchange.

The grantees must satisfy the vesting conditions and complete the vesting of their restricted Shares within the validity period of the respective Restricted Share Incentive Plans. The Company may cause the forfeiture and cancellation of unvested restricted Shares, or in certain circumstances repurchase vested Shares, upon the occurrence of specific events as set out in the Plans, including but not limited to a termination of the grantee's employment or a change in the grantee's position that renders them ineligible. Subject to the price adjustment mechanisms and other terms of the Restricted Share Incentive Plans, the repurchase price payable by the Company for vested restricted Shares shall be the original grant price paid by the grantee.

(ix) Outstanding restricted Shares

As of the Latest Practicable Date, there is no outstanding restricted Shares granted under the 2021 Restricted Share Incentive Plan and the number of outstanding restricted Shares granted under the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan amounted to 67,925 Shares, 513,500 Shares and 1,800,000 Shares, representing approximately [**REDACTED**], [**REDACTED**] and [**REDACTED**] respectively of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]).

Assuming full vesting and exercise of all outstanding restricted Shares under the Restricted Share Incentive Plans, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be diluted by a maximum of approximately [**REDACTED**]. The maximum dilution effect on our earnings per share would be approximately [**REDACTED**]. For further details on the diluted earnings per share, including the relevant assumptions used in that calculation, please refer to Note 14 to the Accountants' Report set out in Appendix I to this document.

The tables below set forth the details of the outstanding restricted Shares granted to Directors, senior management members, and other connected persons under the Restricted Share Incentive Plans as of the Latest Practicable Date:

(a) 2022 Restricted Share Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of outstanding restricted Shares	Grant price *(RMB)*	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
Mr. Weng Huaqiang	Executive Director and Secretary of the Board	August 24, 2022	Room 202, No. 53, Lane 36, Shangpu Road, Pudong New Area, Shanghai, China	19,500	15.33	[**REDACTED**]

(b) 2023 Restricted Share Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of outstanding restricted Shares	Grant price *(RMB)*	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
Mr. Weng Huaqiang	Executive Director and Secretary of the Board	October 18, 2023	Room 202, No. 53, Lane 36, Shangpu Road, Pudong New Area, Shanghai, China	10,000	26.40	[**REDACTED**]

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the Restricted Share Incentive Plans as of the Latest Practicable Date:

(a) 2021 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
3	December 27, 2021	15.72	Nil	[**REDACTED**]

(b) 2022 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
19	August 24, 2022	15.33	67,925	[**REDACTED**]

(c) 2023 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
58	October 18, 2023	26.40	492,600	[**REDACTED**]
1	October 18, 2023	26.40	7,500	[**REDACTED**]
5	April 29, 2024	26.40	13,400	[**REDACTED**]

(d) 2025 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
56	October 22, 2025	48.00	1,612,000	[**REDACTED**]
16	October 22, 2025	48.00	135,000	[**REDACTED**]
5	March 20, 2026	48.00	53,000	[**REDACTED**]

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is expected to be imposed on any member of our Group.

2. Litigation

To the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**].

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US$500,000 to act as a sponsor of our Company in connection with the [**REDACTED**].

4. Compliance Advisor

Our Company has appointed Altus Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Qualifications and Consents of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Global Law Office	Legal advisor to our Company as to PRC laws
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
DLA Piper Singapore Pte. Ltd.	Legal advisors to the Company as to International Sanctions laws

Each expert listed above has provided, and not withdrawn, their written consent to the issue of this document, including their reports, letters, opinions, or summaries thereof, and to the inclusion of their name and qualifications herein, in the form and context in which each is included.

As of the Latest Practicable Date, none of the aforementioned experts had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or nominate persons to subscribe for, securities in any member of our Group.

6. Binding Effect

This document shall, if an application is made in pursuance thereof, render all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, insofar as applicable.

7. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our Company's financial or [**REDACTED**] position since March 31, 2026 (being the latest balance sheet date of our consolidated financial statements set out in the Accountants' Report in Appendix I to this document).

8. Bilingual Document

The English and Chinese language versions of this document are being published separately in reliance on 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).

9. Preliminary Expenses

As of the Latest Practicable Date, our Company did not incur any material preliminary expenses.

10. Restrictions on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to "Summary of the Articles of Association — Increase, Reduction and Repurchase of Shares" in Appendix III to this document.

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

13. Miscellaneous

Save as disclosed in this section and in the section headed "Financial Information" in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) our Company has no outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H shares to be admitted into [**REDACTED**] for [**REDACTED**] and [**REDACTED**].

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document; and

(ii) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 5. Qualifications and Consents of Experts" in Appendix IV to this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **www.giantec-semi.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the accountant's report from Ernst & Young, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026;

(iv) the report from Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document;

(v) the industry report issued by Frost & Sullivan referred to in "Industry Overview" in this document;

(vi) the PRC legal opinions issued by Global Law Office in respect of certain general corporate matters and property interests in Mainland China of our Group;

(vii) the legal memorandum issued by DLA Piper Singapore Pte. Ltd., the Company's legal advisor as to international export control, sanctions and tariff laws;

(viii) the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document;

(ix) the written consents referred to in "Statutory and General Information — Other Information — Qualifications and Consents of Experts" in Appendix IV to this document;

(x) the service agreements and letters of appointment referred to in the section headed "Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this document;

(xi) the PRC Company Law, 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

(xii) the terms of the Restricted Share Incentive Plans.

C. DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Restricted Share Incentive Plans will be made available for public inspection at our Company's Hong Kong legal advisor's office in Hong Kong at 31/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.